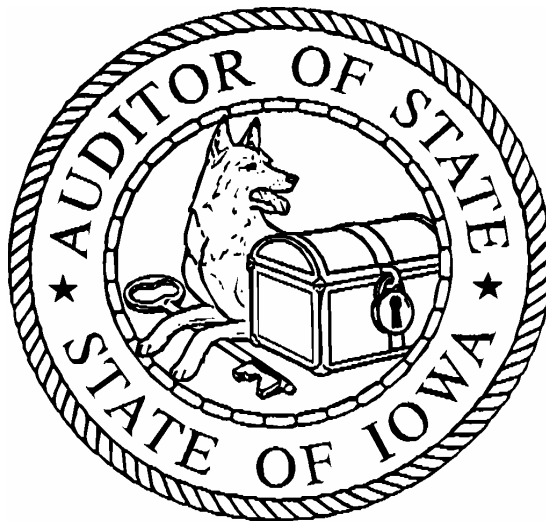


COMMUNITY SCHOOL DISTRICT AUDIT PROGRAM GUIDE

For the year ended June 30, 2004



DAVID A. VAUDT, CPA
AUDITOR OF STATE

COMMUNITY SCHOOL DISTRICT AUDIT PROGRAM GUIDE**DISTRICT** _____**June 30, 2004****FILE INDEX**

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_____	_____	GF-3 Internal Control
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_____	_____	GF-5 Copies of District's June 30th Financial Statements for all Funds, Including Entire CAR
_____	_____	GF-6 Planning Materiality and Audit Risk and Summary of Tests
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DISTRICT _____

June 30, 2004

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RK	Accounts Payable/Due to Other Governments
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RN	Compensated Absences
RO	Other Payables
RP	Long-Term Debt

DISTRICT _____**June 30, 2004****AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives:					
A. Plan and document planning of audit.					
B. Consider Single Audit implications.					
C. Determine preliminary planning materiality.					
D. Consider the affect on financial statements of non-compliance with laws and regulations.					
E. Determine audit approach.					
Audit Procedures:					
A. Job number _____					
B. Assigned staff: _____ Independent?	A				
Manager _____					
Incharge _____					
Staff _____					

C. Timing:	A				
D. If prior year audit was performed by another firm:	A				
1. Obtain copy of the auditor's reports on the financial statements, compliance and internal control.					
2. Obtain copies of appropriate workpapers.					
3. Make the appropriate inquiries of the predecessor auditor addressed in SAS No. 84 (AU Section 315).					
4. Firm: _____					
Contact Person: _____					
Telephone: _____					
E. Review prior year audit report and working papers. If applicable:	A,B,E				
1. Note any departures from an unqualified opinion.					
2. Note any specific areas of comment in the prior audit report. Determine and document current status.					

June 30, 2004

AUDIT PLANNING

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
3. Note any areas of special emphasis recommended for this year's audit by the prior auditor. 4. Note items for next year's audit in prior year's workpapers. Document in planning section. 5. Note any non-report comments that may affect this year's audit and document the status of these items. F. Review permanent file and determine status of the following and update as necessary: 1. Identification of financial reporting entity and compliance with GASB 14, as amended by GASB 39. a. Identify the primary government. b. Identify and document consideration of component units. c. Identify and document relationships with organizations other than component units. 2. Nature of business and legal environment. 3. Applicable state and federal regulations. 4. Administrative and accounting personnel. 5. As applicable, federal program personnel. 6. Organization chart. 7. Chart of accounts and accounting manual. 8. Use of outside service organizations. 9. Use(s) of information systems (IS). 10. Methods used to process significant accounting information. 11. Long-term leases, contracts and commitments. 12. List of officials, terms and mailing addresses. G. Conduct entrance conference. Discuss and document pertinent information. H Request that the District assemble all necessary information, records and documents. I. Determine the extent of involvement, if any, of other independent audit firms (i.e., for audits of material component units, audits conducted as a joint audit, or other reliance on external auditors), consultants, specialists or internal auditors. Where applicable, follow the guidance in AU 543 ("Part of Audit Performed by Other Independent Auditors"), AU 322 ("Auditor's Consideration of the Internal Audit Function") AU 336 ("Using Work of Specialist" – as revised by SAS 73) and Government Auditing Standards Chapter 3.06. J. Inquire about related party transactions.	A,B,E				
	A,B				
	A,B,E				
	A,E				

June 30, 2004

AUDIT PLANNING

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>K. Minutes:</p> <ol style="list-style-type: none"> Review minutes through the most recent meeting and document significant Board action, including subsequent events. Determine and document if minutes were properly signed. Determine, on a test basis, if meetings were preceded by proper notice. (Chapter 21.4 of the Code of Iowa). Determine the minutes show information sufficient to indicate the vote of each member present as required by Chapter 21.3 of the Code of Iowa. Determine if minutes document the Board followed proper proceedings for any closed sessions. (Chapter 21.5 of the Code of Iowa) <ol style="list-style-type: none"> The session was closed by affirmative roll call vote of at least two-thirds of the members. The specific exemption under Chapter 21.5 of the Code was identified and documented. Final action was taken in open session. Determine, on a test basis, if minutes were published after each meeting in accordance with Chapter 279.35 and 279.36 of the Code of Iowa. Determine if the schedule of bills allowed was published at least once a month, including list of claims allowed, name of person or firm making the claim, purpose of the claim and amount of claim. 	A,E				
<p>L. Obtain a copy of the District's June 30 Certified Annual Report and financial statements.</p>	A				
<p>M. Evaluate and document any nonaudit service to determine that Government Auditing Standards paragraph 3.13 in regard to Independence will not be impaired. If the nonaudit service involves a total of 40 hours or fewer, than the de minimus rule applies and independence will not be impaired. Discuss with Manager, if necessary.</p>					
<p>N. Determine if the District is a fiscal agent for any separate Boards or Chapter 28E Organizations. Determine if they are properly disclosed and reported. Perform the necessary GASB 14, as amended by GASB 39, reviews.</p>					
<p>O. 28E Organizations:</p> <ol style="list-style-type: none"> Determine if the District was a member of a Chapter 28E organization with gross receipts in excess of \$100,000 in a fiscal year. If so, determine if arrangements have been made for an audit of the 28E organization in accordance with Chapter 11.6 of the Code of Iowa. 					

DISTRICT _____**June 30, 2004****AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>P. Determine and document judgments as follows:</p> <ul style="list-style-type: none"> a. Audit risk for all account balance transaction classes. (AU 312.13) b. Materiality levels by opinion units. (AAG-SLV 4.23) If done at interim, update materiality levels as of the balance sheet date. Opinion units in a governments' basic financial statements are (as applicable): <ul style="list-style-type: none"> (1) Governmental activities (2) Business type activities (3) Aggregate discretely presented component units (4) Each major governmental and enterprise fund (5) Aggregate remaining fund information (nonmajor governmental and enterprise funds, internal service funds and fiduciary fund types) c. Materiality level for each major Federal program. If done at interim, update materiality levels as of the balance sheet date. <p>Q. Apply preliminary analytical procedures.</p> <ul style="list-style-type: none"> 1. Compare current year information to information with a plausible relationship. 2. Identify expectations and document basis of expectations. 3. Identify unusual or unexpected balances or relationships. 4. Determine and document if matters identified indicate a higher risk of material misstatement. If a higher risk is indicated, adjust audit approach accordingly. <p>R. Determine completeness and accuracy of books and records by footing, crossfooting and tracing postings from journals as necessary. Include all subsidiary detail systems.</p> <p>S. Prepare all necessary confirmations requests for mailing.</p> <p>T. Send attorney letters to attorneys and other lawyers consulted on significant matters during the period. Send the letter early during fieldwork with a requested response date one week prior to estimated completion of fieldwork.</p> <p>U. Determine and document a preliminary audit strategy (primarily substantive or a lowered assessed control risk).</p> <p>V. Internal Control</p> <ul style="list-style-type: none"> 1. Obtain and document an understanding of the internal controls, including those relating to overall compliance with laws and regulations. 	A,E				
	A,B,E				
	A,B,D, E				

DISTRICT _____**June 30, 2004****AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> a. Determine whether these internal controls have been placed in operation. b. Assess control risk for relevant financial statement assertions related to each significant account balance or transaction class, including those relating to overall compliance with laws and regulations that have a direct and material effect on the financial statements. <ul style="list-style-type: none"> 1) Identify those financial statement assertions for which tests of controls need to be performed and design the appropriate tests of controls. 2) Document conclusions in working papers concerning the assessed level of control risk for the assertions. c. Document the following when control risk is assessed at maximum: <ul style="list-style-type: none"> 1) Determine that performing only substantive tests will reduce detection risk to an acceptable level when evidence of the initiation, recording or processing of financial data exists only in electronic form. (AU 319.04) 2) Document the accuracy and completeness of the information used to perform substantive tests when the information is produced by the District's information system. (AU 319.65) d. If the District uses a service organization to process transactions or which are part of the District's information system (i.e. payroll processing, bank trust department that invests and holds assets for employee benefit plans, organizations that develop, provide and maintain software for user organizations, etc.), follow AU Section 324 (SAS 70 and SAS 88) to consider and document the effect the service organization has on the internal controls of the District (user organization), related control risk assessments, and the availability of evidence to perform substantive procedures. 					
<ul style="list-style-type: none"> 2. Major federal programs: <ul style="list-style-type: none"> a. Obtain and document an understanding of the internal controls relevant to the common requirements applicable to all major federal programs. b. Determine whether these controls have been placed in operation. 					

DISTRICT _____**June 30, 2004****AUDIT PLANNING**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> c. Assess control risk. (The auditor should plan for a low level of control risk) d. Perform tests of controls over each major program (regardless of whether or not choosing to obtain evidence to support an assessment of control risk below maximum). e. Include lack of or ineffective control procedures as reportable conditions in the report on the internal control. 					
<ul style="list-style-type: none"> 3. If steps V(1) and (2) are done at interim, determine if tests of controls and assessments of control risk can be extended to the balance sheet date: <ul style="list-style-type: none"> a. Apply the following procedures for internal control work done: <ul style="list-style-type: none"> 1) Ask whether there have been any changes to internal controls, including federal controls, since interim date. Also consider whether any changes are apparent from substantive (or other) tests done after interim date. 2) Consider the significance of any changes. 3) Obtain evidential matter about the nature and extent of any changes. b. If considered necessary based on the above procedures, perform additional tests of controls and update risk assessments. 					
<ul style="list-style-type: none"> W. Determine the major funds for the governmental and business type activities. Funds are considered major funds if they meet both the criteria for the same element. (GASB 34 par. 76) <ul style="list-style-type: none"> 1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type. 2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined. 3. Review with management whether additional discretionary funds should be included as major funds. 					
<ul style="list-style-type: none"> X. If a computer was used by the District to process significant accounting applications, determine and document the methodology to be used in obtaining evidence. (i.e., manual audit procedures, computer-assisted techniques, or a combination of both) (AU 326.12). 					

June 30, 2004

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>Y. Identify and obtain an understanding of possible additional financial statement effects of pertinent laws and regulations (not already identified in the audit program) which could, if not observed, have a direct and material effect on the financial statements. (AU 801.08)</p> <p>Z. Modify/expand on audit program guide, as necessary. The program should be responsive to the critical audit areas and other areas of concern noted in audit planning, the analytical procedures performed on the financial statements, and the understanding obtained of the District's internal controls.</p> <p>AA. Immediately contact Manager if fraud or embezzlement is suspected. Ensure the appropriate officials are notified after contacting the Manager.</p> <p>1. Chapter 11.6 requires a CPA firm to notify the Auditor of State immediately regarding any suspected embezzlement or fraud.</p> <p>2. If federal funds are involved, the appropriate U.S. Regional Inspector General should be notified.</p> <p>BB. Prepare audit time budget.</p> <p>CC. Discuss planning phase with Manager and document conclusions.</p> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p> <p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the objectives of audit planning, and the results of these procedures are adequately documented in the accompanying workpapers.</p> <p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p> <p>Independent Reviewer _____ Date _____</p>	<p>D</p> <p>A,E</p> <p>A</p>				

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**

The attached preliminary audit strategy is to be used to document the following:

- Auditor's understanding of certain preliminary information regarding the entity for planning the audit.
- Identification of significant account balances and classes of transactions.
- Determination of inherent risk and preliminary audit strategy for significant account balances and classes of transactions.
- Identification of the federal programs.
- Applicability of account balances and classes of transactions to federal programs.
- Auditor's fraud risk assessment including identification of fraud risk factors.
- Determination of the common requirements applicable to major federal programs.

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**

PROCEDURE	YES	NO	REMARKS
1. Did the prior year report on the financial statements include departures from an unqualified opinion?			
2. Did the prior year audit identify any reportable conditions or material weaknesses?			
3. Have various account balances or transactions required significant adjustments in prior audits?			
4. Was the approach in the prior year primarily substantive?			
5. Were any significant errors or instances of fraud noted in the prior audit?			
6. Is there any indication there could be substantial doubt about the District's ability to continue as a going concern?			
7. Does the audit require special expertise?			
8. Are specialized skills needed to determine the affect of IS on the audit, to understand the IS controls, or to design tests of controls?			
9. Are there any new accounting and/or auditing pronouncements that may affect the current audit?			
10. Are there any specialized accounting practices or principles applicable to the District? (i.e. pensions)			
11. Have there been any significant changes in accounting practices for the District?			
12. Are there any economic conditions or recent developments that affected the District's operations? (inflation, interest rates, technological changes)			
13. Are there any special regulatory or reporting requirements that apply? (Single Audit)			
14. Is the District economically dependent on a major industry or company such that a change in the industry or company, would adversely affect the District?			
15. Has there been a change in state or federal funding that would significantly impact the operations of the District?			
16. Is any aspect of the District profit motivated?			
17. Have there been any significant changes in the function or responsibilities of the District?			

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**

PROCEDURE	YES	NO	REMARKS
18. Do the financial statements require use of significant accounting estimates or fair value determinations?			
19. Does the District have multiple locations for significant operations?			

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**

PROCEDURE	DONE BY	REMARKS																														
<p>20. Complete the fraud risk assessment form.</p> <p>21. Document the following on the preliminary audit strategy summary:</p> <p>a. Identify significant account balances and classes of transactions. Consider planning materiality as well as qualitative matters such as volume of transactions, susceptibility of assets to theft, etc.</p> <p>b. Assess the inherent risk for each of the significant account balances and classes of transactions identified above and document the results. Consider the factors described in the following diagram to assess inherent risk.</p> <table border="1" data-bbox="337 709 1203 1058"> <thead> <tr> <th>HIGHER</th><th>MODERATE</th><th>LOWER</th></tr> </thead> <tbody> <tr> <td>High transaction activity</td><td></td><td>Limited number of transactions</td></tr> <tr> <td>Large dollar value of each transaction</td><td></td><td>Small dollar value</td></tr> <tr> <td>High fluctuation in timing of activity</td><td></td><td>Stable transaction activity</td></tr> <tr> <td>Complex transaction processing</td><td></td><td>Simple transaction processing</td></tr> <tr> <td>Numerous processing steps</td><td></td><td>Few processing steps</td></tr> <tr> <td>Cannot be reconciled</td><td></td><td>Can be reconciled</td></tr> <tr> <td>Misstatements not self-detecting</td><td></td><td>Self-detecting</td></tr> <tr> <td>Highly susceptible to theft or loss</td><td></td><td>Low susceptibility</td></tr> <tr> <td>High potential for omitted activity</td><td></td><td>Low potential for omitted activity</td></tr> </tbody> </table> <p>c. If Single Audit is applicable, identify the major federal programs using the Single Audit Preliminary Audit Strategy forms.</p> <p>d. Identify the significant account balances and classes of transactions applicable to major federal programs.</p> <p>e. Considering the responses to questions 1-19 above, determination of inherent risk and other relevant information, identify whether the preliminary audit strategy for the significant account balances and transaction classes will be primarily substantive or one based on a lower planned assessed level of control risk.</p> <p>f. Identify the common requirements applicable to each major federal program and determine the audit approach for each category.</p> <p>g. Indicate whether tests of controls are applicable or comment on whether controls do not exist or cannot be tested.</p> <p>22. Identify other matters considered in determining the preliminary audit strategy.</p> <p>23. Identify any matters that could increase the risk of material misstatement of the financial statements due to errors, fraud and other non-compliance.</p>	HIGHER	MODERATE	LOWER	High transaction activity		Limited number of transactions	Large dollar value of each transaction		Small dollar value	High fluctuation in timing of activity		Stable transaction activity	Complex transaction processing		Simple transaction processing	Numerous processing steps		Few processing steps	Cannot be reconciled		Can be reconciled	Misstatements not self-detecting		Self-detecting	Highly susceptible to theft or loss		Low susceptibility	High potential for omitted activity		Low potential for omitted activity		
HIGHER	MODERATE	LOWER																														
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DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT**I. BRAINSTORMING CONFERENCE**

Date: _____

Instructions: Members of the audit team are required to discuss the susceptibility of the government's financial statements to material misstatement due to fraud. The discussion should include an open exchange of ideas (brainstorming). The discussion should also emphasize the importance of exercising professional skepticism throughout the audit. The discussion may occur prior to, or in conjunction with, other audit planning procedures, but should take place each year.

If the audit is a Single Audit, completion of this procedure should include consideration of both the audit of the financial statements and the federal awards.

Audit of financial statements Yes_____ No_____

Single Audit Yes_____ No_____

Participants:

Name	Title

1. Describe how the discussion occurred (e.g. face-to-face meeting, conference call)

2. Describe the matters discussed.

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT

Matters that should be discussed include:

- a. How and where the financial statements might be materially misstated due to fraud.
- b. How management could perpetrate and conceal fraudulent financial reporting.
- c. How the perpetrators could misappropriate government assets.
- d. Known external and internal factors affecting the government that might (1) create incentives/pressures to commit fraud, (2) provide the opportunity for fraud to take place, and (3) reveal attitudes or rationalization about why fraud is acceptable behavior.
- e. The nature and risk of management override of controls.
- f. How best to respond to these fraud risks through the design of audit procedures.
- g. The importance of maintaining an appropriate attitude of professional skepticism throughout the audit when considering the risk of material misstatement due to fraud.

The discussion should not be influenced by past favorable experience with the integrity of management.

The discussion should abandon neutrality and presume the possibility of dishonesty at various levels of management.

The discussion should focus on the financial statement areas vulnerable to fraud presuming that management, employees, or volunteers were inclined to perpetrate fraud.

3. Did information arise during the brainstorming meeting that may be relevant to identifying risks of material misstatement due to fraud?

_____ Yes (Document on Part IV)

_____ No

Comments:

DISTRICT _____

June 30, 2004

**PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT****II. INQUIRIES ABOUT THE RISKS OF FRAUD**

Instructions: Auditors are required to make inquiries of management and others about the risks of fraud. Inquiries should be made each year in the planning stage of the audit. This form can be used to document the auditor's inquiries of management and other employees. Conducting one-on-one interviews with members of management and other employees is the most appropriate way of accomplishing the objectives of the inquiry process. Management interviewed should include, at a minimum, all those who sign the management representation letter.

If the audit is a Single Audit, completion of this procedure should include consideration of both the audit of the financial statements and the federal awards. Alternatively, the auditor may wish to complete separate forms.

(A separate form should be used for each person interviewed)

A. Management Personnel Interviewed:

Name	Title	Date
_____	_____	_____
_____	_____	_____
_____	_____	_____

1. Inquire of the government's management about whether it is aware of (1) actual or suspected fraud, or (2) any allegations of fraud (e.g., communications from employees or others). Describe.

2. Inquire of the government's management about its understanding of the risks of fraud within the government, including any specific risks identified or account balances or transaction classes where fraud is likely to occur. Describe.

3. Inquire of the government's management about the programs and controls that it has established to mitigate fraud risks and how it monitors such programs and controls. Describe.

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT

-
4. Inquire of the government's management about the nature and extent of monitoring of operating locations, where applicable, and whether there are particular units for which a risk of fraud may be more likely to exist. Describe.

5. Inquire of the government's management about whether and how it communicates to employees its views on business practices and ethical behavior. Describe.

6. Inquire of the government's management about whether it has reported to the audit committee, or its equivalent, on how the government's internal control monitors the risks of material fraud. Describe.

7. Inquire of the government's management about their compliance with laws and regulations. Describe.

8. Did information arise from inquiries of management that should be considered further in identifying risks of material misstatement due to fraud?

___ Yes (Document on Part IV)

___ No

Comments:

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT

B. Others Interviewed:

Name	Title	Date
_____	_____	_____
_____	_____	_____
_____	_____	_____

1. Inquire of others within the government (e.g., operating personnel not directly involved in the financial reporting process and employees with different levels of authority) about any actual fraud or suspected fraud. Describe.

2. Did information arise from inquiries of others that should be considered further in identifying risks of material misstatement due to fraud?

_____ Yes (Document on Part IV)

_____ No

Comments:

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT

C. Others Interviewed:

Name	Title	Date
_____	_____	_____
_____	_____	_____
_____	_____	_____

1. Inquire of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Describe.

2. Did information arise from inquiries of others that should be considered further in identifying risks of material misstatement due to fraud?

_____ Yes (Document on Part IV)

_____ No

Comments:

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT**D. Audit Committee or Equivalent Personnel Interviewed:**

Name	Title	Date
_____	_____	_____
_____	_____	_____

1. Where applicable, inquire of the audit committee or its equivalent, or at least its chair, about (1) its views about the risks of fraud, (2) whether it has knowledge of any actual fraud or suspected fraud, and (3) how it exercises its oversight of the government's assessment of risks of fraud and the programs and controls the government has adopted to mitigate those risks. Describe.

2. Did information arise from inquiries of audit committee or equivalent personnel that should be considered further in identifying risks of material misstatement due to fraud?

_____ Yes (Document on Part IV)

_____ No

Comments:

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT**E. Internal Audit Personnel Interviewed:**

Name	Title	Date
_____	_____	_____
_____	_____	_____

- Where applicable, inquire of internal audit personnel about: (1) their views of the risks of fraud, (2) any procedures they performed to identify or detect fraud during the period under audit, (3) management's response to the findings, and (4) whether they have knowledge of any actual fraud or suspected fraud. Describe.

- Did information arise from inquiries of internal audit personnel that should be considered further in identifying risks of material misstatement due to fraud?

_____ Yes (Document on Part IV)

_____ No

Comments:

DISTRICT _____

June 30, 2004

**PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT**

Question	YES	NO	N/A	REMARKS
III. FRAUD RISK ASSESSMENT				
<p>Instructions: Complete the following questions to document your consideration of risk factors that might indicate an increased risk of material misstatement due to fraud. "Yes" answers do not necessarily indicate an increased risk, but should be considered when assessing the risk of <u>material</u> misstatement due to fraud. If fraud risk factors are present, but other controls exist that compensate for that risk, document the mitigating factors in the remarks column.</p>				
<u>RISK FACTORS RELATING TO FRAUDULENT FINANCIAL REPORTING</u>				
A. Incentives/Pressures				
1. Is there significant pressure on meeting performance targets?				
2. Is a significant portion of management's compensation or performance assessment dependent on budgetary goals, program results, or other incentives?				
3. Do unrealistic performance targets exist?				
4. Were there numerous significant budget modifications in prior periods?				
5. Is there a lack of formal budgeting policies and procedures?				
6. Is the current management unable to make reasonable estimates of tax revenues, expenditures, or cash requirements?				
7. Has the credit rating for the government's securities been downgraded by an independent agency since the prior period?				
8. Do individuals outside of management or the governing body have substantial influence over the operations of one or more governmental units?				
9. Has management set unduly aggressive financial targets and expectations for operating personnel?				
10. Is the government subject to new accounting, statutory, or regulatory requirements that could impair its operating efficiency or financial stability?				
11. Is the government experiencing rapid changes, such as rapid changes in technology or rapid changes in citizen's service expectations?				
12. Is the government experiencing a poor or deteriorating financial condition (for example, a declining tax base, declining economy, or other anticipated loss of revenue sources)?				
13. Is the government having difficulty generating cash flows from operating activities?				

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT

Question	YES	NO	N/A	REMARKS
14. Has the government experienced unusually rapid growth or improved financial results, especially when compared to other governments?				
15. Is the government highly vulnerable to changes in interest rates?				
16. Is the government unusually dependent on debt financing?				
17. Do the government's financing agreements have debt covenants that are difficult to maintain?				
18. Is the government facing the threat of imminent bankruptcy?				
19. Is there significant pressure to obtain additional funding to maintain services?				
20. Is there a high degree of competition for federal or state awards?				
21. Is there declining federal and state program funding levels on a national or regional level?				
22. Is there a declining number of eligible participants, benefit amounts, and/or enrollments in award programs?				
23. Is there complex or frequently changing compliance requirements?				
24. Is there a mix of fixed price and cost reimbursable program types that create incentives to shift costs?				
B. Opportunities				
1. Is management dominated by a single individual or a small group without compensating controls, such as effective oversight by the governing body?				
2. Does the governing body or management lack understanding or experience regarding the operation or responsibilities of the government?				
3. Are internal controls inadequately monitored by management?				
4. Has management continued to employ ineffective accounting or IT (information technology) personnel?				
5. Has there been a high turnover in management level employees, bankers, attorneys, or auditors?				
6. Does the level of communication between accounting managers and data processing or IT departments appear to be inadequate?				
7. Are assets, liabilities, revenues, and expenditures or expenses based on significant estimates that involve unusually subjective judgments or uncertainties or that could significantly change in the near term in a manner that may be financially disruptive?				

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT**

Question	YES	NO	N/A	REMARKS
8. Does the government engage in significant related party transactions not in the ordinary course of business (including transactions with related governments that are unaudited or audited by another firm)?				
9. Does the government have unusual or highly complex transactions (particularly those close to year-end) that are difficult to assess for substance over form?				
10. Does the government have significant bank accounts in locations for which there does not appear to be a clear business justification?				
11. Does the government have an overly complex organizational structure involving numerous component units, subrecipients, related organizations, lines of managerial authority, or contractual arrangements that do not have an apparent purpose?				
12. Does the government have significant relationships with other governments that do not appear to have a clear programmatic or business justification?				
C. Attitudes/Rationalizations				
1. Were there numerous significant audit adjustments in prior periods?				
2. Is there an excessive interest by management to meet performance targets through the use of unusually aggressive accounting practices?				
3. Has management failed to effectively communicate and support the government's values or ethics?				
4. Has management failed to effectively communicate about inappropriate business practices or ethics?				
5. Has management failed to correct known reportable conditions in internal control on a timely basis?				
6. Has management displayed a significant disregard for regulatory requirements, including, when applicable, federal and state award compliance requirements?				
7. Does management have a poor reputation?				
8. Does management have a history of violating laws, regulations, debt covenants, contractual obligations, or federal and state award compliance requirements?				
9. Do non-financial management or personnel excessively participate in the determination of significant estimates or selection of accounting principles?				
10. Are there frequent disputes on accounting, auditing, or reporting matters between management and the current or predecessor auditor?				

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT

Question	YES	NO	N/A	REMARKS
11. Has management made unreasonable demands on the auditor, such as unreasonable time constraints on completion of the audit or an excessive emphasis on reducing the audit fee?				
12. Has management placed restrictions on the auditor (formal or informal) that inappropriately limit access to people or information (or inappropriately limit communication with the governing body or audit committee)?				
13. Has management failed to respond to specific inquiries or to volunteer information regarding significant or unusual transactions?				
14. Has there been domineering behavior by management, especially involving attempts to influence the scope of the auditor's work?				
15. Are there other situations indicating a strained relationship between management and the current or predecessor auditor?				
16. Could the government face adverse consequences on a significant pending transaction (such as issuance of debt or receipt of a grant) if poor financial results are reported?				
17. Does the government have significant investments in high-risk financial investments?				
18. Are there any known personal difficulties or other influences in the lives of management that could adversely affect their integrity, attitude, or performance?				
19. Do other conditions exist that indicate incentives/pressures, opportunities, or attitudes/rationalizations for management to engage in fraudulent financial reporting?				

Do conditions exist that indicate there may be incentives/pressures, opportunities, or attitudes/rationalizations for management to intentionally misstate the financial statements?

___ Yes. (Document on Part IV)

___ No.

Comments:

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT**

Question	YES	NO	N/A	REMARKS
<u>RISK FACTORS RELATING TO MISAPPROPRIATION OF ASSETS</u>				
A. Incentives/Pressures				
1. Are there any indications that management or employees with access to cash or other assets susceptible to theft have personal financial obligations that may create pressure to misappropriate assets?				
2. Are there any conditions that may create adverse relationships between the government and employees with access to cash or other assets susceptible to theft, such as the following:				
a. Known or anticipated future employee layoffs?				
b. Recent or anticipated changes to employee compensation or benefit plans?				
c. Promotions, compensation, or other rewards inconsistent with expectations?				
B. Opportunities				
1. Does the government maintain or process large amounts of cash?				
2. Is the government's inventory easily susceptible to misappropriation (such as small size, high value, or high demand)?				
3. Does the government have assets that are easily convertible to cash (such as bearer bonds, etc.)?				
4. Does the government have capital assets that are easily susceptible to misappropriation (such as small size, portability, marketability, lack of ownership identification, etc.)?				
5. Is the government susceptible to fraudulent, unauthorized disbursements (such as vendor or payroll disbursements) being made in amounts that are material to the financial statements?				
6. Is there a lack of management oversight over assets susceptible to misappropriation?				
7. Does the government lack job applicant screening procedures when hiring employees with access to assets susceptible to misappropriation?				
8. Does the government have inadequate record keeping over assets susceptible to misappropriation?				
9. Is there a lack of appropriate segregation of duties that is not mitigated by other factors (such as management oversight)?				

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT

Question	YES	NO	N/A	REMARKS
10. Does the government lack an appropriate system for authorizing and approving transactions (for example, in purchasing or payroll disbursements)?				
11. Are there poor physical safeguards over assets susceptible to misappropriation (for example, inventory not stored in a secured area, cash or investments kept in unlocked drawers, etc.)?				
12. Is there a lack of timely and appropriate documentation for transactions affecting assets susceptible to misappropriation?				
13. Is there a lack of mandatory vacations for employees in key control functions?				
14. Does management have an inadequate understanding of information technology which enables information technology employees to perpetrate a misappropriation?				
15. Are access controls over automated records inadequate (including controls over, and review of, computer system event logs)?				
C. Attitudes/Rationalizations				
1. Do employees who have access to assets susceptible to misappropriation show:				
a. Disregard for the need for monitoring or reducing risks related to misappropriation of assets?				
b. Disregard for internal control over misappropriation of assets by overriding existing controls?				
c. Disregard for internal control over misappropriation of assets by failing to correct known internal control deficiencies?				
2. Do employees who have access to assets susceptible to misappropriation exhibit behavior indicating displeasure or dissatisfaction with the government or its treatment of its employees?				
3. Have you observed any unusual or unexplained changes in behavior or lifestyle of employees who have access to assets susceptible to misappropriation?				

COUNTY _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
FRAUD RISK ASSESSMENT

Do conditions exist that indicate there may be incentives/pressures, opportunities, or attitudes/rationalizations for management to intentionally misstate the financial statements?

____ Yes. (Document on Part IV)

____ No.

Comments:

List any additional fraud factors or conditions identified as being present. Additional factors may have been identified through inquiry of management in the entrance conference. Also, document any compensating controls.

If improper revenue recognition was not identified as a risk of material misstatement due to fraud, describe the reasons regarding how that presumption was overcome.

DISTRICT _____

June 30, 2004

PRELIMINARY AUDIT STRATEGY
FRAUD RISK ASSESSMENT

3. *Response to address management override of controls* – Because management override of controls can occur in unpredictable ways, the risk of management override of controls is always an identified fraud risk and the auditor is required to perform certain specified procedures to respond to such risk. These procedures relate to (1) examining journal entries and other adjustments, (2) reviewing accounting estimates for biases, and (3) evaluating the business rationale for significant unusual transactions.

See audit program step K on audit program section Fund Balance/Net AssetsSee audit program steps O and P on audit program section Completion of Audit

Incharge: _____ Date _____

Manager: _____ Date _____

Independent

Review: _____ Date _____

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY
SUMMARY**

ACCOUNT BALANCE/ TRANSACTION CLASS	IR	MAJOR PROGRAMS	AUDIT APPROACH		TEST OF CONTROLS (YES/NO)	REPORTABLE CONDITION (YES/NO)
			PRIMARILY SUBSTANTIVE	LOWER RISK		
Cash						
Investments						
Receivables						
Inventory						
Capital Assets						
Liabilities						
Long Term Debt						
Property Tax						
Receipts/Revenues						
Disbursements/Expenditures						
Payroll						
Transfers						
Financial Reporting						
Other:						

IR/Inherent risk - key

H = higher, M = moderate, L = lower

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
SINGLE AUDIT

- 1) Determine Type A vs. Type B programs using the Program Identification form.
- 2) Determine the risk classification of Type A and primary Type B programs using the Risk Assessment form. The auditor is not required to perform a risk assessment of relatively small Type B programs.
- 3) Identify major programs and determine if the percentage of coverage rule has been met using the bottom of the Determination of Major Programs form.

Major programs must account for at least 50% of total federal awards expended unless the entity is low-risk, in which case, only 25% needs to be met.* The entity is considered low risk if, for each of the prior two years, all of the following conditions have been met:

- A Single Audit is performed on an annual basis.
- Unqualified opinions on the financial statements and Schedule of Expenditures of Federal Awards were issued**
- No material weaknesses in internal control under the requirements of Government Auditing Standards (relating to the financial statements) were noted.**
- No internal control deficiencies identified as material weaknesses were noted for all Type A programs.
- No material non-compliance was noted for all Type A programs.
- There were no known or likely questioned costs exceeding 5% of the program's expenditures for all Type A programs.

*The auditee may have one or more non low-risk Type A *programs* and still qualify as a low-risk *entity*, as long as all Type A programs meet the criteria listed. However, all non low-risk Type A programs must be audited as major programs even if the 25% rule of coverage is met by only a portion of the non low-risk Type A programs.

**However, a waiver that allows the entity to be identified as low-risk may be provided by the cognizant or oversight agency if they judge that an opinion qualification or any identified material weaknesses does not affect the management of federal awards.

DISTRICT _____**June 30, 2004****PRELIMINARY AUDIT STRATEGY**
SINGLE AUDIT**PROGRAM IDENTIFICATION**

					Type B	
Federal Program	CFDA #	Federal Awards Expended	% of Total Federal Awards Expended	Type A Program (X)	Primary Program (X)	Relatively Small Program (X)
TOTAL						

Determine the appropriate amounts to be used as program thresholds:

Type A programs equal the \$ _____ Primary Type B programs equal \$ _____
 greater of \$300,000 or 3% of x 3% the greater of \$100,000 or .3% x .3%
 total federal expenditures. \$ _____ of total federal expenditures. \$ _____

Relatively small Type B programs are less than the greater of \$100,000 or .3% of total federal expenditures.

NOTE: A Single Audit is not required if total federal expenditures are less than \$500,000.

DISTRICT _____**June 30, 2004**

PRELIMINARY AUDIT STRATEGY
TYPE A AND PRIMARY TYPE B PROGRAM RISK ASSESSMENT

Program Name:						
CFDA #						
Program Type:	A / B	A / B	A / B	A / B	A / B	A / B
Last FY Reviewed **						

Current and Prior Experience:

Program was audited as a major program in one of the last two years. (1)

No reportable conditions or material instances of non-compliance were noted in the most recent audit period. (1)

Persons administering program are experienced and appear competent.

Monitoring of subrecipients is adequate.

Computer systems used for processing are established and adequate.

Prior audit findings have been corrected. (2)

Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA

Oversight (Federal and/or Pass-through entities):

Recent monitoring reviews were performed and noted no significant problems.

OMB has not identified the program as a high risk or non-low-risk program in the Compliance Supplement.

Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA	Y / N / NA
Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N

Inherent Risk:

Nature of program is not complex.

There are no eligibility criteria or third party contracts.

There hasn't been significant changes in federal regulations or contract provisions.

Program has been on-going (not the first or last year of the program).

Program's Inherent Risk (High, Mod, Low)

Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N
Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N

Internal Control Consideration:

Assessed level of risk based on evaluation of internal controls for prior year. (Max / Slt / Mod / Low)

--	--	--	--	--	--	--

Overall Risk Analysis:

Low Risk (Type A or B Programs)						
Non-Low Risk (Type A Programs Only)						
High Risk (Type B Programs Only)						

(1) - This criteria must be met in order to consider a Type A program low-risk.

(2) - Auditors should use their judgment. Audit findings from prior year do not preclude the program from being low risk.

** - A-133 states in part that for a Type A program to be considered low-risk, it shall have been audited as a major program in at least one of the two most recent audit periods. This ensures that all Type A programs are tested as major at least once every three years.

Note: Except for known reportable conditions in internal control or compliance problems, a single criteria would seldom cause a Type B program to be considered high-risk.

DISTRICT _____**June 30, 2004**

PRELIMINARY AUDIT STRATEGY
SINGLE AUDIT DETERMINATION OF MAJOR PROGRAMS

In order to determine major programs, complete the following steps:

- Enter Type A programs and their risk analysis from the Risk Evaluation form. For non low-risk programs only, enter their percentage of total Federal expenditures (from the Program Identification form) in the far right column. If there are no low-risk Type A programs, then determine if total percentage of non low-risk Type A programs exceeds the percent of coverage rule. If it exceeds the minimum percentage required, the determination of major programs is complete.
- Enter the primary Type B programs and their risk analysis from the Risk Evaluation form. Select at least half of the Type B programs that were determined to be high risk (may be limited to the number of low risk Type A programs.) For each high-risk Type B program selected, enter its percentage of total federal expenditures (from the Program Identification form) in the far right column. When identifying which high-risk Type B programs to test as major, the auditor is encouraged to use an approach which provides an opportunity for different high-risk Type B programs to be audited as major over a period of time.
- Determine if the total percentages from these two steps exceed the percent of coverage rule. If it exceeds the minimum percentage required, then the determination of major programs is complete. If the minimum percentage is not met, include additional programs as necessary to meet the percentage of coverage rule.
- For each major program, document the inherent risk from the previous page. If a risk assessment was not required, determine the inherent risk based on the criteria from the previous page.

A B	Federal Program	CFDA #	Non Low- Risk	Low- Risk	High- Risk	% of Total Expenditures of Federal Awards	Major Program Inherent Risk
	TOTAL						

50% Rule applicable

25% Rule applicable

June 30, 2004

PRELIMINARY AUDIT STRATEGY SINGLE AUDIT

Identify applicable requirements for each major program.

Programs:							
CFDA#:							

Common Requirements:

Activities allowed or unallowed

Allowable costs / Cost principles

Cash Management

Davis-Bacon Act

Eligibility

Equipment and Real Property Management

Matching, Level of Effort, Earmarking

Period of Availability of Federal Funds

Procurement and Suspension and Debarment

Program Income

Real Property Acquisition/Relocation Assistance

Reporting

Subrecipient Monitoring

Special Tests and Provisions

DISTRICT _____**June 30, 2004****PLANNING CONFERENCES**
ENTRANCEIN ATTENDANCE:

<u>District</u>		<u>Auditor</u>	
Name	Title	Name	Title
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

ItemsDiscussion

A. Scope of Audit:

1. Period to be audited.
2. Year of implementation of GASB 34.
3. Objectives of audit.
4. Funds to be audited (including component units).
5. Federal programs.
6. Additional audit requirements.
7. Reports to be issued.
8. Nonaudit services to be performed and independence restrictions.
9. The audit will be conducted in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and Government Auditing Standards, issued by the Comptroller General of the United States.

B. Timing of:

1. Fieldwork.
2. Release of report.

C. Availability of records.

D. Working space arrangements, if applicable.

DISTRICT _____**June 30, 2004****PLANNING CONFERENCES**
ENTRANCEItemsDiscussion

E. Extent of internal audit/other client assistance.

F. Auditor's responsibilities for:

Discussed?

- | | |
|--|--------------------------|
| 1. Obtaining an understanding, testing and reporting on internal controls and compliance with laws and regulations (discussion of ¶ 4.6.8 and 4.6.9 of Yellow Book may be helpful). | <input type="checkbox"/> |
| 2. Discovering and reporting contractual compliance violations and questioned costs. | <input type="checkbox"/> |
| 3. Obtaining reasonable, not absolute, assurance that the financial statements are free of material misstatement, whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect errors or fraud that is immaterial to the financial statements. | <input type="checkbox"/> |
| 4. Communicating certain matters to audit committee, entity contracting the audit or other party responsible for oversight. (Identify audit committee or other party, if one exists.) | <input type="checkbox"/> |
| 5. Communicating with management if auditor becomes aware that the entity is subject to an audit requirement(s) that is not encompassed in the terms of the engagement. | <input type="checkbox"/> |

G. Client responsibilities for:

- | | |
|--|--------------------------|
| 1. Financial statement assertions and management representation letter accepting such responsibilities. | <input type="checkbox"/> |
| 2. Internal controls. | <input type="checkbox"/> |
| 3. Identifying and ensuring the District complies with all laws, rules and regulations that may have a direct and material effect on the financial statement amounts and for disclosing all known instances of non-compliance. | <input type="checkbox"/> |
| 4. Making all financial records and related information available to the auditor. | <input type="checkbox"/> |
| 5. Providing auditor with representation letter at completion of audit including an affirmation that uncorrected misstatements are immaterial. | <input type="checkbox"/> |
| 6. Adjusting the financial statements to correct material misstatements. | <input type="checkbox"/> |
| 7. Preparing required supplementary information (RSI), including management's discussion and analysis (MD&A) and other supplementary information. (If applicable.) | <input type="checkbox"/> |

DISTRICT _____**June 30, 2004****PLANNING CONFERENCES**
ENTRANCEItemsDiscussion

- H. Status of prior year's audit comments.
- I. Personnel changes.
- J. Accounting problems during the year.
- K. Pending litigation.
- L. Significant accounting policies.
- M. Extent of computerized books and records.
- N. Related party/business transactions.
- O. Potential component units, including changes from the prior year and entities which the District is acting as the fiscal agent.
- P. 28E Organizations in which the District is a participant.
- Q. Understanding of fee and billing arrangements including the extent/amount additional time and additional cost involved in providing assistance for GASB 34 implementation (if applicable). Briefly document discussion.

DISTRICT _____**June 30, 2004****PLANNING CONFERENCES**
ENTRANCEItemsDiscussion

R. Additional items for audit planning:

1. New capital projects or completion of projects from prior year.
2. New grants or completion of grants from prior year.
3. New revenue sources such as local option sales tax, new levy, etc.
4. Debt issuances or refundings/retirements of debt.
5. Significant changes in District's budget from prior year and significant amendments to District's current year budget.
6. Others.

S. GASB 34 implementation:

1. Inquire of management about the steps taken to implement GASB 34.
2. Inquire as to whether any funds have been identified as discretionary major funds.
3. Review implementation checklist, status and timeframe.

T. Inquire of management about their understanding of the risk of material misstatement due to fraud and whether they have knowledge of fraud that has occurred.

DISTRICT _____**June 30, 2004****PLANNING CONFERENCES**
ENTRANCEItemsDiscussion

- U. Inquire of management about the existence of a program for preventing, deterring or detecting fraud. If a program exists, determine if fraud risk factors have been identified.

- V. Inform management about the auditor's responsibilities to inquire of them and others about fraud risk factors relating to financial reporting and misappropriation of assets throughout the audit in accordance with SAS 99.

- W. Inquire of management about the existence of any known limitations on the audit.

- X. Other items

Acknowledgement:

District Representative _____ Date _____

DISTRICT _____**June 30, 2004****PLANNING CONFERENCES**
MANAGER

Date: _____

Time: _____

ItemsDiscussion

- A. Last year's items for next year's audit.
- B. Significant findings from audit planning.
- C. Single Audit requirements, if applicable.
- D. Results of obtaining an understanding of internal controls.
- E. Nonaudit services to be performed and results of evaluation of independence impairment.
- F. Significant audit program modifications.
- G. Planned audit approach.
- H. Audit time budget:
 - 1. Timing of fieldwork.
 - 2. Staff scheduling.
 - 3. Budget variances.
- I. Other

REVIEW OF MINUTES

[illegible]

DISTRICT _____**June 30, 2004****TRIAL BALANCE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objective:					
A. Provide a document which links the report or financial statements to supporting workpapers.					
Audit Procedures:					
A. Obtain and verify or prepare working trial balances by fund type, fund, function and objective class as needed. If prepared by auditor, determine that independence will not be impaired.					
1. A separate trial balance should be prepared for each fund.					
2. Account classifications should be minimized and consistent with the GASB Codification and/or the sample report.					
3. Foot the working trial balances to verify their accuracy, if applicable.					
4. Document the source of the information for the beginning balance amounts.					
B. Record, as necessary, accrual activity and adjusting journal entries.	A				
1. The adjusting journal entries should be consolidated on a separate page, numbered, briefly explained or described and referenced to supporting workpapers.					
2. Obtain and document District approval and concurrence for adjusting journal entries.					
3. Reconcile reversing journal entries with prior year report.					
C. Record reclassifications as necessary.	A				
1. The reclassification entries should be consolidated on a separate page, lettered, briefly explained or described and referenced to supporting workpapers if possible.					
2. Inform the District of all reclassifications which they should be cognizant of and receive their concurrence.					
D. Prepare closing entries for each fund, if applicable.	A				
E. Reference the amounts to supporting workpapers. The adjusted trial balance amounts should be referenced to supporting working papers.					
F. For each proprietary fund, prepare a cashflow worksheet. The worksheet should reconcile the changes in assets, liabilities and fund equity and the operating statement activity to the cash flows for each fund. Amounts on the cashflow worksheets should be referenced to supporting workpapers.					

June 30, 2004

TRIAL BALANCE

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
G. Record full accrual entries for the entity-wide statements. 1. The entries should be briefly explained or described and referenced to supporting workpapers. Information should be sufficient to prepare reconciliation between fund financials and entity-wide statements. 2. For initial year of implementation, prepare journal entries necessary to restate the beginning of the year to full accrual. 3. Reconcile reversing journal entries with prior year report. 4. Allocate Internal Service Funds net profit/loss to the functions that benefited from the services provided. 5. Reclassify amounts due to/from Agency Fund on the entity wide financial statements. 6. Eliminate interfund governmental activity including interfund receivables and payables and transfers. 7. Obtain District concurrence for full accrual journal entries. 8. Review receipt classifications for proper reporting on entity-wide statement.					
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u> We have performed procedures sufficient to achieve the audit objectives for trial balances, and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____ Date _____					
Manager _____ Date _____					
Independent Reviewer _____ Date _____					

DISTRICT _____**June 30, 2004****CASH**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions: <ol style="list-style-type: none"> Existence and Occurrence Completeness Rights and Obligations Valuation and Allocation Presentation and Disclosure Audit Objectives: <ol style="list-style-type: none"> Cash on the combined balance sheets is on hand, in transit or on deposit with third parties (depositories) in the name of the District. (1) All cash of the District is included in the combined balance sheet. (2) Depositories are legally acceptable; deposits are adequately insured and adequate collateral has been pledged by the depositories for the District's deposits; and separate depository accounts are maintained for each fund for which required. (3) Cash balances reflect a proper cut-off of receipts and disbursements, and are stated at the correct amounts. (4) Cash balances are presented properly by fund type, restricted cash is presented separately by fund type, and related disclosures are adequate. (5) Audit Procedures: <ol style="list-style-type: none"> Cash on Hand <ol style="list-style-type: none"> Determine locations, custodians and amounts of all cash funds and select funds to be counted. (Coordinate with examination of investments on hand, in separate audit program section.) For funds selected, count and list all cash and cash items. Obtain custodian's signature for return of cash. Reconcile to established balance. Determine and document reason for any unusual items such as employee and officials checks. Ascertain reason for checks not deposited immediately. Determine that all checks were properly endorsed. Determine frequency of petty cash replenishment. Determine petty cash payments are reasonable and authorized. Undeposited Receipts <ol style="list-style-type: none"> Determine whether prenumbered receipts were made immediately for all undeposited receipts at the end of the year and that subsequent deposit agrees with books and bank. 	A,B,D				
	A,D				

DISTRICT _____**June 30, 2004****CASH**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
2. Obtain explanations for variances and document findings/conclusions.					
C. Cash In Bank					
1. Confirm ending bank balances and authorized check signers.	A,B,C, D				
2. Ascertain and document that confirmed, authorized check signers are current employees who should sign checks.					
3. If appropriate, request a cut-off bank statement and related paid checks directly from the bank for ____ days following year-end.					
4. If cut-off bank statements were not received, obtain bank statement and paid checks for the month immediately following year-end and perform these procedures:	A,B				
a. Scrutinize bank statement for erasures and prove mathematical accuracy of statement (withdrawals equal opening balance plus deposits minus closing balance.)					
b. Ascertain that the total of paid checks and debit memos equal total withdrawals per bank statements.					
c. Examine the paid date of each check to ascertain that the check was paid by the bank during the period covered by the bank statement.					
d. Ascertain that the opening balance equals the closing balance from the previous bank statement.					
5. Obtain or prepare bank reconciliations for bank accounts as of year-end.	A,B,D				
a. If prepared by District, foot bank reconciliation.					
b. Reconcile bank balances with book balances.					
c. Obtain or prepare a list of outstanding checks at the end of the period under audit. Include check number, amount and date written for each listed check.					
d. Verify, on a test basis, that listed outstanding checks cleared the bank after June 30.					
e. For outstanding checks over \$_____ which did not clear the bank by July 31st, examine supporting documentation and list payee. Ascertain and document subsequent disposition.					
f. Determine whether District is writing and holding checks at June 30. Comment accordingly.					
1) Determine whether amount is material.					

CASH

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>2) Obtain District's concurrence to adjust or determine if opinion should be modified.</p> <p>g. Trace all deposits in transit to subsequent bank statement and document the date deposited per books and per bank.</p> <p>h. Identify, document and determine the propriety of other reconciling items.</p> <p>i. Determine that unclaimed property per Chapter 556.1(10) of the Code of Iowa has been reported to the State Treasurer annually before November 1st per Chapter 556.11 of the Code of Iowa.</p> <p>6. Trace transfers between banks, including money market accounts, for five days on both sides of statement date:</p> <p>a. Prepare a schedule detailing each transfer check, recording the amount, check number, date disbursed per books and per bank, date received (deposited) per books and per bank.</p> <p>b. Review the schedule to determine that the receipt (deposit) and disbursement side of each transfer are recorded in the proper period.</p> <p>7. Depository Resolutions.</p> <p>a. Obtain a copy of the written resolution approving each depository and the maximum amount which may be kept on deposit, as required by Chapter 12C.2 of the Code of Iowa.</p> <p>b. Prepare a workpaper to document review or test of monthly balances to determine if depository balances were exceeded during the year.</p> <p>8. Determine the allowability of any sweep accounts.</p> <p>9. Determine if uninsured public funds deposited in a credit union were secured by a letter of credit in an amount at least 110% of the uninsured amount.</p> <p>10. Determine that the District has insured that all public funds deposits with banks have met the requirements of Chapter 12C.22 of the Code of Iowa (Pledging of Public Funds Program).</p> <p>11. Determine the propriety of any cash pledged as collateral or otherwise restricted.</p> <p>12. Determine extent of use of wire transfers. Perform procedures as necessary.</p> <p>13. Stamped warrants.</p> <p>a. Determine that interest rates paid on stamped warrants are within legally allowable limits as established by the State Rate Setting Committee in accordance with Chapter 74A of the Code of Iowa.</p>	B,D				
	C,E				
	C				

CASH

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>b. Determine that stamped warrants were included as program disbursements/expenditures at the time of issuance, rather than at the time of redemption.</p> <p>D. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p>E. Determine whether cash balances are properly classified and related disclosures are adequate.</p> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p> <p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for cash, and the results of these procedures are adequately documented in the accompanying workpapers.</p> <div style="display: flex; justify-content: space-between;"> Incharge _____ Date _____ </div> <div style="display: flex; justify-content: space-between;"> Manager _____ Date _____ </div> <div style="display: flex; justify-content: space-between;"> Independent Reviewer _____ Date _____ </div>	E				

DISTRICT _____

June 30, 2004

INVESTMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions:					
1. Existence and Occurrence					
2. Completeness					
3. Rights and Obligations					
4. Valuation and Allocation					
5. Presentation and Disclosure					
Audit Objectives:					
A. Investment balances by fund type are evidenced by securities or other appropriate legal documents either physically on hand or held in safekeeping by others and include all the District's investments. (1,2)					
B. Investments are of types authorized by law and the investment policy of the District. (3)					
C. Investment values, income, gains or losses are stated correctly and allocated properly to funds. (4)					
D. Investments are properly described and classified in the combined financial statements and related disclosures, including restrictions and commitments, are adequate. (5).					
E. District has complied with applicable laws and regulations.					
Audit Procedures:					
A. Obtain or prepare a schedule of all investment transactions for the year including investments owned as of year-end. For U.S. government securities, the schedule should list the par value of the security in addition to its cost.					
1. Test mathematical accuracy and trace balances to the year-end bank reconciliation and trial balance.	C				
2. Determine that all investments were recorded.	A				
3. On a test basis, trace collections from sale of investments to deposit or to rollover investment.					
4. Examine investments on hand and trace to investment records.	A,C				
5. If the District has investments in government securities, sight actual investment certificate if held by the District, or confirm ownership with outside safekeeping agent.	A				
6. Determine that all investments are recorded at cost or, if acquired by gift, at fair value at date of gift. (See Step F. below. Investments should be reported at fair value in accordance with GASB 31.	C				
7. For investments held by the District at the end of the year not able to be inspected because they were sold prior to our audit, vouch sale of investments to supporting documents and trace proceeds to bank deposit. Examination of safekeeping receipts is not sufficient.	A				

DISTRICT _____**June 30, 2004****INVESTMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
8. Determine if the District has adopted a written investment policy that complies with the provisions of Chapter 12B.10B of the Code of Iowa.					
9. Determine if changes to the investment policy comply with the provisions of Chapter 12B.10B of the Code of Iowa and have been approved by the Board.					
10. Determine that investment transactions complied with the written investment policy.					
11. Determine that all investments are authorized and comply with statutory provisions of Chapter 12B.10 of the Code of Iowa, as applicable.	B				
12. If applicable, determine if the District has an appropriate public funds custodial agreement as prescribed in Chapter 12B.10C of the Code of Iowa and the Treasurer of State's administrative rules.					
13. Determine that the underlying collateral of repurchase agreements consists of authorized investments and that the District has taken delivery of the collateral either directly or through an authorized custodian as provided in Chapter 12B.10 (5)(e).	A,B				
B. Confirm investments at the end of the year.	A,B,C				
C. Deferred compensation plans must comply with IRC Section 457 plans. Determine if a fiduciary relationship exists between the District and the deferred compensation plan. (A fiduciary relationship exists if there is a formal trust agreement between the District and the Section 457 plan, the District offers investment advice or the District is involved in the administration of the plan.)					
1. If a fiduciary relationship exists, the deferred compensation plan assets should be recorded as a Special Revenue Fund, in accordance with GASB 32.					
2. Confirm material deferred compensation plan assets at the end of the year.					
3. If no fiduciary relationship exists, no disclosure is necessary.					
D. Related Income					
1. Determine that investment income was received and recorded in the proper fund. Specifically:	B,C,E				
a. Interest earned on investments was credited to the General Fund as required by Chapter 12C.7, except as otherwise provided by law.					

DISTRICT _____**June 30, 2004****INVESTMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
b. In accordance with Chapter 12C.9(2) of the Code of Iowa, interest earned on the proceeds of notes, bonds, refunding bonds and other evidence of indebtedness and funds being accumulated for the payment of principal and interest or reserves (debt service) is: <ol style="list-style-type: none"> 1) Used to pay the principal or interest as it comes due on the indebtedness, (credited to Debt Service Fund). 2) Credited to the Capital Project Fund for which the indebtedness was issued. 					
2. Recalculate interest on a test basis.	C				
3. Compute interest receivable at June 30.	C				
4. Determine that all June 30 unrecorded interest has been recorded to the credit of the appropriate fund.	C				
5. Test interest rates to determine whether rates are in accordance with statutory rates established by the State Rate Setting Committee.	B				
E. Determine propriety of any investments pledged as debt collateral or otherwise restricted.	B,D				
F. Determine that investments are reported at fair value in accordance with GASB 31. The change in fair value is recorded as net increase (decrease) in the fair value of investments.					
G. Document the risk category of investments on hand at June 30 for footnote disclosure.					
H. If the District has stock: <ol style="list-style-type: none"> 1. Determine whether the District bought or was given the stock. 2. If the stock was acquired through gift, determine the terms and conditions of the gift. 3. Include pertinent documentation in the permanent file. 	A,B,C				
I. If the District has investments in derivatives determine that appropriate disclosures are made in accordance with FASB 119, SAS 92, FASB 138, FASB 133, and FASB 149.					
J. If the District has transferred financial assets or entered into a servicing contract for assets or liabilities, determine that the appropriate disclosures and assets or liabilities are recorded in accordance with FASB 140.					
K. If the District has investments with no observable market price, determine the method of measurement of fair value and evaluate for propriety in accordance with AU Section 328.					

June 30, 2004

INVESTMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>L. If the District participates in security lending transactions, determine that the transactions are properly reported and the appropriate disclosures are made in accordance with GASB 28.</p> <p>M. Identify the outside persons who invested public funds, provided advice on the investing of public funds, directed the deposit or investment of public funds, or acted in a fiduciary capacity for the District.</p> <ol style="list-style-type: none"> 1. Determine that contracts or agreements with outside persons require the outside person to notify the District in writing of the existence of material weaknesses in internal control or regulatory orders or sanctions regarding the type of services being provided under the contracts or agreements. 2. Obtain and review the following: <ol style="list-style-type: none"> a. The most recent audited financial statements and related report on internal control of outside persons involved in investing activities for the District. b. The most recent annual report to shareholders, call reports or the findings pursuant to a regular examination under state or federal law of a bank, savings and loan or credit union. c. The most recent annual report to shareholders of an open-end management investment company, unincorporated investment company or investment trust registered with the SEC. <p>N. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p>O. Determine whether investments are properly classified and related disclosures are adequate.</p>	E				
	D				

DISTRICT _____

June 30, 2004

INVESTMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u> We have performed procedures sufficient to achieve the audit objectives for investments, and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____ Date _____					
Manager _____ Date _____					
Independent Reviewer _____ Date _____					

DISTRICT _____**June 30, 2004****RECEIVABLES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions: <ol style="list-style-type: none"> Existence and Occurrence Completeness Rights and Obligations Valuation and Allocation Presentation and Disclosure Audit Objectives: <ol style="list-style-type: none"> Accounts receivable are valid and have been billed in the proper amounts, for services rendered. (1,3) Accounts receivable include all amounts still owed for activities through the end of the period. (2) An adequate allowance for uncollectible accounts has been established, and revenue, accounts receivable and related disclosures are properly presented in the combined financial statements. (4,5) Audit Procedures: <ol style="list-style-type: none"> Obtain or prepare a schedule of receivables. <ol style="list-style-type: none"> The schedule should include: <ol style="list-style-type: none"> Local tax receivable. Accounts receivable. Amounts due from other funds. Accrued interest. Amounts due from other governments including: <ol style="list-style-type: none"> Tuition and transportation. Foundation aid - District's share. Title I. Vocational education aid. State and federal aid lunch claims. Other (list): _____ _____ _____ _____ Reconcile receivables to the trial balance. Confirm material receivables, including local tax receivable (collected by County Treasurer in June and apportioned in July and delinquent amounts due the District at June 30, if applicable) and investigate any discrepancies. 					
	B				
	A,B,C				

DISTRICT _____**June 30, 2004****RECEIVABLES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
4. Document why confirmations were not obtained, such as: <ul style="list-style-type: none"> a. Not practical, alternate procedures more efficient. b. Other, please explain. 					
B. Alternative procedures to confirmation: <ul style="list-style-type: none"> 1. Perform tests to verify that receivables represent goods/ services performed prior to June 30. 2. Trace receivables to subsequent receipt and deposit. 	A,B				
C. Test for deposits made in the next year to determine if amounts should have been recorded as a receivable in the current year.	B				
D. Determine that interfund receivables and payables reconcile and trace to approvals.					
E. Determine the necessity for or adequacy of the allowance for doubtful accounts.	A,C				
F. Prepare a summary of tests performed and review for adequacy.					
G. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
H. Determine whether receivables are properly classified and disclosures are adequate.	C				

June 30, 2004

RECEIVABLES

[illegible]

June 30, 2004

PREPAID EXPENSES

[illegible]

DISTRICT _____**June 30, 2004****INVENTORY**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions:					
1. Existence and Occurrence					
2. Completeness					
3. Rights and Obligations					
4. Valuation and Allocation					
5. Presentation and Disclosure					
Audit Objectives:					
A. Inventory recorded represents a complete listing of materials and supplies owned by the District and such assets are physically on hand. (1,2,3)					
B. Inventory listings are accurately priced, extended, footed and summarized and the totals are properly reflected in the accounts. (4)					
C. Inventory is properly classified by fund type in the combined balance sheets and disclosure is made of related equity reserve if appropriate. (5)					
Audit Procedures:					
A. Inventory Observation					
1. Test count a selection of items. Count items of larger dollar and quantity amounts.	A				
2. Trace amounts of inventory per listing to amounts on hand.					
3. Trace amounts of inventory on hand to amounts on listing.					
4. Obtain cut-off information.					
5. Document reason(s) inventories were not observed.					
B. Obtain a final inventory listing at June 30 and trace auditor's counts into this listing.	A,B				
1. Foot listing and test extensions of selected items for mathematical accuracy.					
2. Review list for reasonableness.					
3. Evaluate cut-off procedures.					
C. Price Tests	B				
1. Determine inventory valuation method.					
2. Make a list of inventory items to be price tested and request District to locate invoices.					
3. Verify unit costs of inventory items selected.					
4. If applicable, trace to perpetual records.					
D. Prepare a summary of tests performed and review for adequacy.					

INVENTORY

[illegible]

DISTRICT

June 30, 2004

CAPITAL ASSETS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions: <ol style="list-style-type: none"> 1. Existence and Occurrence 2. Completeness 3. Rights and Obligations 4. Valuation and Allocation 5. Presentation and Disclosure Audit Objectives: <ol style="list-style-type: none"> A. Capital assets represent a complete and valid listing of the capitalizable cost of assets purchased, constructed, or leased by the District, and are physically on hand. B. "Additions" or capital expenditures represent a complete and valid listing of the capitalizable cost of the property and equipment acquired during the period. C. "Deletions" of capitalized costs and, if applicable, related depreciation associated with all sold, abandoned, damaged, or obsolete capital assets have been removed from the accounts. D. Depreciation and the related allowance account, if applicable, has been computed on an acceptable basis consistent with that used in the prior year. (1,2,3,4) E. Capital expenditures and capital assets are properly classified by fund or type of activity in the combined financial statements, and related disclosures are adequate. (5) Audit Procedures: <ol style="list-style-type: none"> A. If capital assets have been previously reported: <ol style="list-style-type: none"> 1. Obtain a reconciliation of capital asset activity for the fiscal year. 2. Document the capitalization policy for each class of asset. 3. If applicable, determine when retroactive reporting of infrastructure will occur. (Phase 1 governments may elect to delay retroactive reporting of infrastructure until fiscal years beginning after June 15, 2005 and Phase 2 until June 15, 2006. Phase 3 governments are not required to report infrastructure assets retroactively.) 4. Trace a selection of additions to the list of assets. <ol style="list-style-type: none"> a. Determine that major additions were authorized by the Board. b. Determine that classification as an asset, rather than repairs and maintenance expense, is consistent with policy. c. Observe existence of the capital asset addition. d. If capital asset additions were not included in the expenditure test population, for each tested addition examine invoices and other supporting documentation. 					
	E				
	B				
	B				

DISTRICT _____**June 30, 2004****CAPITAL ASSETS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
e. For reporting: <ol style="list-style-type: none"> 1) Obtain the District's reconciliation of additions to the related expenditures. 2) Determine the amount of revenue to be recorded as contributions from other governments for the addition of capital assets that were acquired through expenditures made by other governments. 3) Analyze the capital projects expenditures to determine completeness of capital asset additions and discuss with District management whether uncanceled expenditures should be reclassified to repair and maintenance. 4) For construction in progress, determine and document the status at year-end. 					
5. Deletions: <ol style="list-style-type: none"> a. Trace to supporting documentation. b. Trace to authorization. c. Trace proceeds to cash receipts journal. d. Determine the gain/loss on disposal of capital assets. 	C				
6. Trace a selection of capital assets to physical existence. <ol style="list-style-type: none"> a. Select items to trace from the listing to the actual asset. b. Select items to trace from the actual asset to the listing. 	A				
7. Foot additions, deletions and capital asset listing.					
8. Depreciation: <ol style="list-style-type: none"> a. Document depreciation policy and useful lives used by each class of asset. b. Determine if depreciation methods and useful lives are consistently applied. c. Verify mathematical accuracy. d. Test computation of depreciation expense and extension of accumulated depreciation. e. Evaluate whether the remaining useful lives of assets are reasonable based on normal operations. 					

DISTRICT _____**June 30, 2004****CAPITAL ASSETS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
B. If capital assets have not been previously reported:					
1. Determine asset valuation basis.					
2. Review records for adequacy and completeness.					
3. If auditable, select items from each category (land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress) and physically inspect those items.	A				
4. For machinery and equipment selected in (3) above, trace original cost to contracts, invoices, etc., to determine accuracy of cost. For land, buildings, improvements other than buildings and construction in progress, infrastructure, trace material items to contracts, invoices, etc., to determine accuracy of costs.					
5. Trace a selection of actual assets to the listing.	A				
6. Foot capital asset listing if maintained manually.					
C. Analyze equipment leases to determine if they meet FASB 13, FASB 145 criteria.	E				
D. Prepare a summary of tests performed and review for adequacy.					
E. If capital asset records are not maintained, perform the following:					
1. Trace approval of selected acquisitions in the minutes to the disbursements journal.	B				
2. Trace approval of selected asset dispositions from the minutes to the receipts journal.	C				
3. Review records for unapproved acquisitions or dispositions.					
F. For all capital assets (whether records are maintained or not):					
1. Determine compliance with the provisions of Chapter 297.22 of the Code of Iowa relating to the disposition of real property.					
2. Determine whether the provisions of Chapter 297.22 of the Code of Iowa relating to the disposition of property with a value of \$5,000 or less, other than real property, were complied with.					
G. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
H. Determine whether capital assets are properly classified and disclosures are adequate.	E				

CAPITAL ASSETS

[illegible]

DISTRICT _____**June 30, 2004****CURRENT LIABILITIES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions: <ol style="list-style-type: none"> Existence and Occurrence Completeness Rights and Obligations Valuation and Allocation Presentation and Disclosure Audit Objectives: <ol style="list-style-type: none"> Liabilities at the balance sheet date are properly supported. (1) Liabilities are properly authorized, represent the correct amounts of currently payable items in the proper period and reflect all outstanding obligations. (2,3,4) Liabilities are properly recorded, classified and disclosures are adequate. (5) Audit Procedures: <ol style="list-style-type: none"> Current liabilities <ol style="list-style-type: none"> Obtain or prepare schedules of payables and identify amounts as follows: <ol style="list-style-type: none"> Accounts payable. Accrued payroll. Accrued payroll taxes. Due to other funds. Due to other governments. Contracts payable (including retainage, if applicable). Anticipatory warrants. ISCAP warrants payable. ISCAP accrued interest payable. Tuition/transportation payable. Compensated absences (current portion). Early retirement (current portion). Estimated losses from loss contingencies (including incurred but not reported claims relating to self insurance funds). Other (list): _____ _____ _____ Foot listings for accuracy. 					
	B				

DISTRICT _____**June 30, 2004****CURRENT LIABILITIES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
3. Test the accuracy and classification of recorded liabilities by examining supporting documentation.	A,B				
B. Deferred Revenue					
1. Determine that a deferred revenue account is established for unspent grant proceeds, delinquent property taxes, succeeding year property taxes and other revenues that have been accrued that are measurable but not available.					
2. Determine reasonableness of deferred accounts.					
3. Trace to supporting documentation.	A,B				
C. Anticipatory Warrants					
1. Obtain or prepare a schedule of obligations outstanding at year-end and reconcile to obligations outstanding at the beginning of the year, obligations issued during the year and obligations redeemed during the year.	A,B				
2. Review authorization for issuance of these obligations.	B				
3. Confirm end of year balances of anticipatory warrants.	A,B				
4. Determine that debt instruments issued comply with provisions of Chapter 74 of the Code of Iowa.	B				
5. Trace receipts of such obligations into the cash receipts journal and bank statements.	B				
6. If proceeds are not recorded in cash receipts journal, trace to subsidiary ledger and prepare recommended adjustment to properly record.					
7. Obtain information on interest paid during the year and payment date and recompute interest paid on a test basis.					
8. Determine that anticipatory warrants redeemed were recorded as disbursement at the time of redemption.					
9. Anticipatory warrants issued and redeemed during the year should be included as other financing sources and uses, respectively.					
10. Include the amount outstanding at June 30 on the balance sheet as anticipatory warrants payable.					
D. Determine that Iowa School Cash Anticipation Program (ISCAP) activity has been properly recorded, including:	A,B				
1. ISCAP warrants payable recorded in the amount of the ISCAP warrants originally issued.					
2. ISCAP accrued interest payable.					
3. ISCAP disbursement and debt service funds recorded as restricted investments.					

DISTRICT _____**June 30, 2004****CURRENT LIABILITIES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
4. ISCAP accrued interest receivable recorded as a restricted asset. 5. ISCAP assets and liabilities should be confirmed with the appropriate financial institution. E. Perform a search for unrecorded liabilities, including the following sources, and schedule findings to show the effect of the potential adjustment on operations or financial position: 1. Examine files of receiving reports unmatched with vendors' invoices, searching for significant items received on or before the balance sheet date. 2. Inspect files of unprocessed invoices and vendors' statements for unrecorded liabilities. 3. Review the cash disbursements/expenditures journal for disbursements/expenditures after the balance sheet date; obtain and examine supporting detail for each disbursement/expenditures of \$_____ and over and determine that accounts payable as of the balance sheet date were properly recorded. 4. Inquire of responsible District staff about their knowledge of additional sources of unprocessed invoices, unrecorded commitments, or contingent liabilities. Indicate who responded to our inquiry in the remarks columns. F. Prepare a summary of tests performed and review for adequacy. G. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures. H. Determine whether current liabilities are properly classified and disclosures are adequate.	B,C				
	C				

June 30, 2004

CURRENT LIABILITIES

[illegible]

DISTRICT _____

June 30, 2004

LONG-TERM LIABILITIES/DEBT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions: <ol style="list-style-type: none"> 1. Existence and Occurrence 2. Completeness 3. Rights and Obligations 4. Valuation and Allocation 5. Presentation and Disclosure 					
Audit Objectives: <ol style="list-style-type: none"> A. Debt is authorized and recorded in the proper fund type and account group or governmental or business-type activities. (1) B. All indebtedness of the District is identified, recorded and disclosed. (2) C. The District has complied with the provisions of indentures and agreements related to the debt, including provisions on use of proceeds. (3) D. Related disbursements or expenditures (including principal and interest payable) are properly recorded, classified, and disclosed. (4) E. Debt and related restrictions, guarantees and commitments are properly presented in the combined financial statements and the related disclosures are adequate. (5) 					
Audit Procedures: <ol style="list-style-type: none"> A. Obtain or prepare a schedule of long-term liabilities. <ol style="list-style-type: none"> 1. The schedule should include the following: <ol style="list-style-type: none"> a. General obligation bonds. b. Lease-purchase agreements/capital leases. c. Installment Purchase contracts. d. Judgments and claims. e. Compensated absences. f. Other (list): <div style="border-bottom: 1px solid black; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"></div> 2. Determine the reasonableness of the amounts recorded. 	A,B,D				

DISTRICT _____**June 30, 2004****LONG-TERM LIABILITIES/DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>B. General Obligation Bonds/Notes</p> <ol style="list-style-type: none"> 1. Determine that copies of bond or note provisions (ordinances or resolutions), including refunding bond/note issues and escrow agreements for note disclosure, sales agreements, and/or contracts are included in the permanent file. 2. Review bond or note provisions for compliance with restrictive and reporting requirements and test adequacy of required account balances and document findings. Document and include any non-compliance in the notes to the financial statements and audit report comment. 3. For local option sales and services tax revenue bonds, determine the District has complied with the following requirements, as applicable: <ol style="list-style-type: none"> a. Established a bond sinking account and made the required transfers. (The Department of Education recommends establishing a restricted asset with an account code of 3X-1XX-768). b. Established a bond reserve account and made the required transfers and/or initial deposit of bond proceeds for debt service, if applicable. (The Department of Education recommends establishing a restricted asset with an account code of 3X-1XX-767). c. Established other required accounts, if any. d. Document and include any non-compliance in the notes to the financial statements and audit report comment. 4. If bonds or notes are callable, determine if debt service balances are adequate to provide for early retirement of bonds, and if so, determine disposition. 5. Determine and document that procedures for bonds or notes sold during the current year were in compliance with Chapters 75 and 296 of the Code of Iowa. 6. Determine and document that interest rates on the bonds sold during the period are within the interest rates authorized by Chapter 74A of the Code of Iowa. 7. Determine and document that bond or note proceeds are being used in accordance with bond provisions. 8. Determine and document whether a bond or note register is maintained and kept current. 9. Obtain or prepare a summary of bond or note indebtedness activity for the year by bond or note issue. 	C,E				

DISTRICT _____**June 30, 2004****LONG-TERM LIABILITIES/DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
10. On a test basis, trace paid bonds/notes and coupons to the bond/note register and determine if they have been properly canceled.					
11. Reconcile bonds or notes redeemed and bond or note interest paid to general ledger.	A,B,D				
12. Summarize bonds/notes and interest due but not paid at year-end.					
13. Confirm bond/note activity for registered bonds/notes if District has designated an outside registrar or paying agent.	A				
14. On a test basis trace bond/note and interest payments to canceled checks. Determine that payee agrees with bond/note and interest records for registered bonds/notes.					
15. Test interest expense for reasonableness and for the possibility of unrecorded debt.	A,B				
16. Determine that indebtedness of the District was within the Constitutional limits of 5% on the value of taxable property within the District in accordance with Chapter 296.1 of the Code of Iowa.					
17. If a material event has occurred, determine that the District has complied with the reporting requirements in accordance with SEC Rule No. 240.15c2-12 (Exempt are bond offering of less than \$1,000,000 and Districts whose outstanding debt is less than \$10,000,000).					
C. Capital Leases and Installment Purchases					
1. Review lease and installment purchase agreements.					
2. Identify capital versus operating leases according to FASB 13 and FASB 145 criteria.	E				
3. Obtain or prepare summary of payments for operating and capital leases and installment purchase agreements for the next five years and thereafter.	A,B,C, D				
4. Determine that initial proceeds were properly recorded as an other financing source and a disbursement was recorded in the proper expenditure account.					
5. Compare summaries to agreements.					
6. Determine fiscal year rental expense (net of leases for one month or less).					
7. Reconcile to payment schedule.					
8. Determine if capital leases are in accordance with statutory provisions:					
a. Buses (Chapter 285.10 of the Code of Iowa).					

DISTRICT _____**June 30, 2004****LONG-TERM LIABILITIES/DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> b. PPEL (Chapter 298.3 of the Code of Iowa, including the allowable purchase of a single unit of equipment or technology > \$550 or the purchase of buildings or lease-purchase option agreements for school buildings). c. Facilities (Chapter 278.1(9) of the Code of Iowa). <p>D. Determine that loan agreements entered into to purchase equipment comply with Chapter 279.48 of the Code of Iowa.</p> <ul style="list-style-type: none"> 1. The issuance of a note payable must mature within five years or the useful life of the equipment, whichever is less. 2. Before entering into the loan agreement, a notice containing the dollar amount and purpose of the agreement must be published at least once in a newspaper of general circulation within the District at least 10 days before the meeting when the loan agreement is to be approved. 3. The total annual payments of principal and interest due on all loan agreements authorized by Chapter 279.48 and 285.10(7) must not exceed ten percent of the last authorized budget (for the General Operating Fund) of the District. <p>E. Judgments and Claims (See also "Insurance and Self-Insurance" section of audit program)</p> <ul style="list-style-type: none"> 1. Obtain a listing of judgments and claims against the District. 2. Trace to supporting documentation. 3. Determine if judgments/claims were paid out of the proper fund. <p>F. Determine that debt issued to make immediately available proceeds of the voter-approved PPEL levy complies with Chapter 297.36 of the Code of Iowa.</p> <ul style="list-style-type: none"> 1. The loan matures within the period of time authorized by the voters. 2. The loan bears an interest rate that does not exceed the limits under Chapter 74A of the Code of Iowa. 3. The loan amount does not exceed the property tax portion of the voter-approved PPEL. 4. The proceeds of the loan are used for purposes authorized for the voter-approved PPEL levy. <p>G. Determine that other long-term debt (lease-purchase agreements, deferred payment contracts, real estate contracts, local option sales tax bonds) is included in the financial statements if applicable, is properly disclosed, and that adequate documentation is filed in the workpapers.</p>					
	A,B,E				

DISTRICT _____**June 30, 2004****LONG-TERM LIABILITIES/DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
H. Prepare a workpaper to compute the balance available in the Debt Service Fund, including accruals.					
I. Review balance available in Debt Service Fund and compare to outstanding long-term debt.					
J. If Debt Service Fund balance is, or will be, sufficient to retire debt within the next year, discuss alternatives with District officials.					
K. If the District has a Treasurer's Bond and Interest Account, prepare a workpaper to reconcile checking account receipts and disbursements for bonds and coupons per general ledger. Obtain information required for note disclosure.					
L. Special Assessments	A,D,E				
1. Determine if the District is paying any special assessments. If yes, review propriety of payment from fund charged. Assessments for repairs may be paid from General Fund; for improvements, from the PPEL Fund.					
2. Obtain sufficient information for balance sheet and footnote disclosure and file.					
M. Compensated Absences					
1. Review the District's policies for earned vacation, sick leave and related FICA/IPERS benefits.					
2. Obtain a summary of compensated absences at June 30.					
3. Determine the amounts have been determined in accordance with the provisions of GASB 16, including calculated salary-related payments such as employer's share of social security and pension plan contributions, as applicable.					
4. Record the amount of the matured liability in the governmental funds in accordance with GASB Interpretation 6.					
5. The unmatured liability should be divided between portions due within one year and portions due in more than one year.		E			
6. Review for reasonableness.		B			
7. Select amounts to test validity of compensated absences:	A,B,C, D				
a. Trace to supporting data.					
b. Recalculate hourly rate, number of hours earned and unused and extensions.					
c. Determine appropriateness of charges to various funds.					

DISTRICT _____**June 30, 2004****LONG-TERM LIABILITIES/DEBT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
N. Early Retirement					
1. Review the District's policy on early retirement.					
2. Determine if the District's policy complies with Chapter 279.46 of the Code of Iowa.					
3. Obtain or prepare a list of employees eligible for early retirement and the amount of the accrual for the District as of June 30.					
4. The amount of the matured liability should be included as a liability in the governmental funds in accordance with GASB Interpretation 6.					
5. The unmatured liability should be divided between portions due within one year and portions due in more than one year.	E				
6. Select a number of eligible employees to determine if: (a) the employees meet the requirements noted in the policy, (b) if the District has properly calculated its potential accrual.	A,B				
7. Search for other eligible employees not included in the District's list.					
8. Prepare the appropriate footnote disclosure.	C				
O. Prepare a summary of tests performed and review for adequacy.					
P. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
Q. Determine whether long-term debt is properly classified and disclosures are adequate.	E				

June 30, 2004

LONG-TERM LIABILITIES/DEBT

[illegible]

FUND BALANCE/NET ASSETS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions: 1. Existence and Occurrence 2. Completeness 3. Rights and Obligations 4. Valuation and Allocation 5. Presentation and Disclosure Audit Objectives: A. All and only properly authorized reservations and designations of the fund balance are recorded. (1,2) B. Components of fund balances are determined in accordance with state and local regulations and requirements. (3) C. Components of net assets and/or fund balances and changes in fund balances are properly computed and are described, classified and disclosed appropriately as applicable in the entity-wide and /or fund financial statements. (4,5) Audit Procedures: A. Reconcile beginning and year-end fund balance. (Note: For convenience, the term "fund balance" is used in this section as a broad term to describe all components of fund equities. Fund equities of proprietary fund types consist of retained earnings, which may have reserved and unreserved components). B. Determine the District is following the GAAP fund structure in accordance with Chapter 298A of the Code of Iowa. C. Review the District's Special Revenue Fund, student activity accounts, for proper classification. For those that are not co-curricular in nature, if any, recommend closing the account to the appropriate fund. D. Review funds, including Special Revenue Fund, student activity accounts, with deficit balances, determine the nature of the account and the reason for the deficit. Document findings and determine if a report comment on corrective action is necessary. E. Analyze and verify the changes in all fund balances and trace to supporting documentation as applicable. F. Determine that the proper amount of fund balance has been reserved for inventories, prepaid expenses, Phase III, school improvement technology funds, or other items as applicable. G. Determine the proper classification of net assets for the Statement of Net Assets: 1) Invested in capital assets, net of related debt. 2) Restricted net assets. 3) Unrestricted net assets.					

DISTRICT _____**June 30, 2004****FUND BALANCE/NET ASSETS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
H. Determine that reservations and/or designations of fund balances are properly authorized based on review of the minutes, debt agreements, etc.	A				
I. Document reconciliation of District's year-end financial statements for all funds and LEA's Certified Annual Financial Report to appropriate exhibits or schedules in audit report.					
J. Resolve any differences in balances. Document District adjustments or concurrence to adjust currently, if appropriate.	B				
K. Examine journal entries other adjustments made directly to the financial statements. (AU 316.58)					
1. Scan the general ledger and select specific journal entries for testing. Document the items selected.					
2. Examine the related accounting records and supporting documents or ensure selected items have been examined as part of testing performed in individual transaction cycle audit programs.					
3. Identify and consider the appropriateness of significant adjustments. Examine whether supporting documentation agrees to amounts in the audit workpapers, where tested.					
4. Make inquiries of employees involved in the financial reporting process about the possibility of unusual or improper journal entries.					
L. Determine proper classification of fund balance for report purposes.	C				
M. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.					

June 30, 2004

FUND BALANCE/NET ASSETS[illegible]

DISTRICT _____

June 30, 2004

RECEIPTS/REVENUE

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions:					
1. Existence and Occurrence					
2. Completeness					
3. Rights and Obligations					
4. Valuation and Allocation					
5. Presentation and Disclosure					
Audit Objectives:					
A. Only revenues that are available and measurable in this fiscal period have been recorded and are valid. (1)					
B. All revenues that are available and measurable in this fiscal period have been recorded. (1,2)					
C. The District has satisfied the relevant legal requirements to receive all revenues recorded. (3)					
D. Revenues have been billed or charged in accordance with legal requirements and have been recorded at the correct amounts. (3,4)					
E. Revenues are properly classified as applicable in the entity-wide statements and/or fund financial statements and related disclosures are adequate. (5)					
Audit Procedures:					
A. Property Tax					
1. Confirm total tax receipts by levy directly with the County Treasurer.	A,B,D				
2. Trace distribution to ledger to determine if properly posted.					
3. Reconcile any differences.					
4. Determine that proceeds of any special levies were expended in accordance with the Code of Iowa:					
a. Management (Chapter 298.4).					
b. PPEL (Chapter 298.3).					
c. Cash reserve levy (Chapter 298.10).					
d. PERL (Chapter 300.2).					
e. Debt service (Chapter 298.18).					
f. Instructional support (Chapter 257.18).					
g. Other _____.					
B. Revenue From Other Governmental Sources					
1. Confirm revenue received from state and federal sources. Reconcile amounts per confirmation with general ledger.	A,B,D				
2. Trace amounts per confirmation to deposit and determine if timely.					

DISTRICT _____**June 30, 2004****RECEIPTS/REVENUE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
3. Determine that such funds were recorded in the proper fund, the proper period and were used for authorized purposes.					
C. Sale of Bonds/Notes					
1. Review authorization for issuance.	C				
2. Test premiums or discounts and accrued interest from sale of bonds/notes in accordance with Chapter 75.5 of the Code of Iowa.					
3. Determine that bonds/notes sold were properly recorded and trace proceeds to cash receipts record and bank statement.	A,D				
4. Determine that proceeds of notes, bonds, refunding bonds/ notes and other evidence of indebtedness if not immediately needed were invested in accordance with Chapter 12C.9(1) of the Code of Iowa.					
D. General					
1. On a test basis, foot and crossfoot the cash receipts journal and trace to District's financial report.					
2. Scan ledgers or receipt detail for unusual receipts. Investigate accordingly.					
3. Prepare a summary of tests performed and review for adequacy.					
4. Determine if additional testing is required and if so, select receipts for testing and perform the following:	A,B,D				
a. List receipt number, from whom received, purpose and amount.					
b. Trace posting to cash receipts journal.					
c. Determine if account classification is correct.					
d. Vouch to supporting documentation, if available.					
e. Trace to validated deposit ticket.					
f. Determine if deposit is made intact on a timely basis.					
g. Trace to duplicate receipt.					
5. Determine that proceeds from the sale or disposition of real property (land and buildings) have been recorded in the Special Revenue Fund, PPEL account in accordance with Chapter 297.22 of the Code of Iowa.	C				
6. Determine that proceeds from sale or disposition of property, other than real property and proceeds from the lease of real or other property have been recorded in the General Fund in accordance with Chapter 297.22 of the Code of Iowa.	C				

June 30, 2004

RECEIPTS/REVENUE

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
7. Determine that revenue from the rental of school rooms and grounds has been recorded in the General Fund in accordance with Chapters 297.9 and 297.10.	C				
8. Determine whether grant activity is recorded in the Special Revenue Fund, student activity accounts. Review and document propriety.	A,C				
9. Determine that proceeds of notes, bonds, refunding bonds and other evidences of indebtedness, if not immediately needed, were invested in accordance with Chapter 12C.9(2) of the Code of Iowa.					
E. Scan deposit tickets and evaluate reasonableness of amounts of currency deposited, considering the types of revenues expected to be received in currency.					
F. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
G. Determine whether receipts/revenues are properly classified and disclosures are adequate.	E				
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>					
We have performed procedures sufficient to achieve the audit objectives for revenues and receipts, and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____	Date _____				
Manager _____	Date _____				
Independent Reviewer _____	Date _____				

DISTRICT _____

June 30, 2004

DISBURSEMENTS/EXPENDITURES

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions:					
1. Existence and Occurrence					
2. Completeness					
3. Rights and Obligations					
4. Valuation and Allocation					
5. Presentation and Disclosure					
Audit Objectives:					
A. Recorded expenditures and cash disbursements are for goods or services authorized and received. (1)					
B. Expenditures incurred for goods or services have all been identified. (2)					
C. Expenditures for goods or services are authorized and in accordance with applicable regulations or requirements. (3)					
D. Expenditures for goods or services and related disbursements have been recorded correctly as to account, fund, period, and amount. (4)					
E. Expenditures for goods or services are properly presented as applicable in the entity-wide and/or fund financial statements and related disclosures are adequate. (5)					
Audit Procedures:					
A. General					
1. On a test basis, foot and crossfoot the disbursements journal and trace the total to the monthly or annual report.					
2. Scan disbursement journal for unusual disbursements. Investigate accordingly.	A,D				
3. For travel and questionable disbursements:					
a. Scan account detail for travel expenses and disbursements which may not meet public purpose criteria.	C				
b. Prepare workpapers as necessary to adequately document for report presentation.	E				
4. For related party transactions:					
a. Schedule all related party transactions (with District officials or employees) for comment. The workpaper should list all payments made during the period. For reporting purposes, include all payments applicable for the period when the individual was an employee or official of the District. Determine compliance with Chapter 279.7A of the Code of Iowa. Disclose material transactions in the notes to the financial statements.	A,E				

DISTRICT _____**June 30, 2004****DISBURSEMENTS/EXPENDITURES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
b. Determine and document compliance with the provisions of Chapter 301.28 of the Code of Iowa and AGO dated November 9, 1976 regarding officers and teachers not acting as an agent for books and supplies. 5. Obtain copy of District's policy regarding payment of claims prior to Board approval. Determine if procedures are followed as prescribed and are in compliance with Chapters 279.29 and 279.30 of the Code of Iowa. 6. Determine and document: <ul style="list-style-type: none"> a. If the District has District-issued credit cards, that the Board has adopted written guidelines for use of District-issued credit cards to pay for actual and necessary expenses incurred in the performance of work related duties in accordance with Chapter 279.8 of the Code of Iowa. b. Textbooks were purchased and paid for in accordance with Chapters 301.1 and 301.4 of the Code of Iowa. c. Disbursements for extra-curricular activities were in accordance with Attorney General opinion's dated November 12, 1992. d. Determine if the District receives funds under the Home School Assistance Program for students that receive competent private instruction or CPI (children who are home schooled). e. Determine that only "appropriate" materials are purchased for CPI children. Direct payments of public funds should not be made to parents of CPI children. 	C				
B. Disbursements <ul style="list-style-type: none"> 1. Select disbursements for testing the following items: <ul style="list-style-type: none"> a. Disbursement was properly authorized and approved for payment in accordance with Chapter 279.29 of the Code of Iowa. b. Disbursement was charged to the proper fund in accordance with the provisions of Chapters 278.1(7) (Code 1989), 298.3, 298.4, 298.19, 300.1, 301.4 etc. c. Disbursement was charged to the proper disbursement account. d. Disbursement was supported by invoice or contract. e. Goods or services were received prior to June 30. 	A,B,C, D				

DISTRICT _____**June 30, 2004****DISBURSEMENTS/EXPENDITURES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> f. Invoice or other documentation was canceled to prevent reuse. g. Cancelled checks or electronically retained check images of front and back per chapter 554D.114(5) of the Code of Iowa are properly endorsed and cancelled. h. Signatures were authorized per confirmed list from bank. i. Signatures were in accordance with Chapters 291.1 and 291.8 of the Code of Iowa j. The disbursement appears to meet the test of public purpose. k. The disbursement is proper under federal laws and regulations, if applicable. If also testing compliance for a major program, you may need to add/revise criteria to cover single audit program steps (i.e. Allowable Costs/Cost Principles, Period of Availability, etc.) l. Mileage was paid at a rate approved by the Board and not in excess of amount allowable under Federal Internal Revenue Service rules as provided by Chapter 70A.9 of the Code of Iowa. m. Disbursements for capital assets are included on the capital assets listing, if applicable. 	C				
C. For construction contracts on a test basis prepare a workpaper to: <ul style="list-style-type: none"> 1. Reconcile original contract to final contract. 2. Reconcile total payments to date by scheduling prior year payments, current year payments, payments due and retainage due. 3. Determine amount of current liability for balance sheet for payments and/or retainage due. 4. Determine that projects and contracts were authorized and approved by the governing body. 5. For public improvements of \$25,000 or more, determine that public hearing and bidding requirements of Chapters 73A.2 and 73A.18 of the Code were followed. 6. Determine that the District applied for and received sales tax refunds, if applicable on completed projects. 	A,B,D				
D. Prepare a summary of tests performed and review for adequacy.	D,E				
E. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.	C				
	C				

DISTRICT _____**June 30, 2004****DISBURSEMENTS/EXPENDITURES**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
F. Determine whether disbursements are properly classified and disclosures are adequate.	E				
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>					
We have performed procedures sufficient to achieve the audit objectives for disbursements and expenditures, and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____	Date _____				
Manager _____	Date _____				
Independent Reviewer _____	Date _____				

DISTRICT _____**June 30, 2004****PAYROLL**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions:					
1. Existence and Occurrence					
2. Completeness					
3. Rights and Obligations					
4. Valuation and Allocation					
5. Presentation and Disclosure					
Audit Objectives:					
A. Payroll (wages, salaries, and benefits) disbursements/ expenditures are made only for work authorized and performed. (1,2)					
B. Payroll is computed using rates and other factors in accordance with contracts and relevant laws and regulations. (3)					
C. Payroll and related liabilities are recorded correctly as to amount and period and distributed properly by account, fund, and disclosures are adequate. (4,5)					
Audit Procedures:					
A. On a test basis, select payroll transactions from throughout the year to test:	A,B,C				
1. Authorization for gross pay or hourly rate.					
2. Appropriateness of contract amount based upon teacher educational credits compared to adopted contractual salary steps.					
3. Approval of hours worked.					
4. Accuracy of number of hours paid per payroll journal to hours worked per approved time sheet (for hourly employees).					
5. Accuracy of calculations of gross pay.					
6. Accuracy of computation of FICA and IPERS.					
7. Authorization for payroll deductions.					
8. Endorsement and cancellation of checks are proper.					
9. Reasonableness of computation of federal and state withholding.					
B. Determine that timesheets are prepared and approved for all employees, including salaried employees.	A,C				
C. Consider analytical procedures to substantiate payroll.					
D. Review copies of payroll tax returns and document reconciliation of gross wages and District share of FICA and IPERS to disbursements records. Explain material variances.					
E. Determine that salaries have been published as required for all employees, including School Nutrition Fund employees in accordance with Chapter 279.35 of the Code of Iowa. Obtain					

DISTRICT _____**June 30, 2004****PAYROLL**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
a copy of the publication and test selected items for accuracy.					
F. Determine if Forms 941, W-3, or W-2 were filed with the IRS as appropriate.					
G. Determine if Forms 1099 were issued for outside services of \$600 or more.					
<u>Note:</u> If 1099 forms were issued, ensure that workers should not be reclassified as employees.					
H. Prepare a workpaper documenting District contributions to IPERS.	B,C				
I. For retirement systems (other than IPERS):	B,C				
1. Review and update permanent file information on pension plans. Identify and document the type of plan.					
2. Obtain copy of actuarial report and review. Include copy of pertinent data in file.					
3. Determine employee groups covered by each plan.					
4. Obtain and verify appropriate information for disclosure in accordance with P20 of the GASB Codification.					
J. Determine the District's policy pertaining to payment of employees for extra curricular activities.					
1. If employees are compensated for services relating to extra curricular activities, determine and document the method of payment.					
2. Test the method of payment.	A				
3. Determine if the method of payment allows for compliance with Chapter 422.16 of the Code of Iowa pertaining to the withholding of income tax.	B				
K. Determine if any employees receive a flat dollar allowance for travel or uniform cleaning. If so, determine if this allowance is included in taxable income on the W-2.					
L. Vehicle Usage	A				
1. Determine if the District provides vehicles for employee use.					
2. Obtain copy of District's policy regarding vehicle usage. Identify specifics for:					
a. Incidental personal use.					
b. Commuting.					
c. Assignment of vehicles.					
d. Documentation required.					
e. Restricted vehicle uses.					
f. Reimbursement by employee for personal use.					

DISTRICT _____**June 30, 2004****PAYROLL**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
g. Additional compensation for employees. h. Public purpose served. i. Other. 3. Determine if District's procedures are adequate and reasonable to comply with: a. Recordkeeping requirements. b. Taxation requirements. c. Public purpose requirements. M. Prepare a summary of tests performed and review for adequacy. N. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures. O. Determine whether payroll and related accruals are properly classified and disclosures are adequate. <u>ALTERNATE/ADDITIONAL PROCEDURES:</u>	C				
<u>CONCLUSION:</u> We have performed procedures sufficient to achieve the audit objectives for payroll, and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____	Date _____				
Manager _____	Date _____				
Independent Reviewer _____	Date _____				

DISTRICT _____**June 30, 2004****TRANSFERS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions:					
1. Existence and Occurrence					
2. Completeness					
3. Rights and Obligations					
4. Valuation and Allocation					
5. Presentation and Disclosure					
Audit Objectives:					
A. All transfers have been identified, adequately supported and properly authorized. (1,2)					
B. Transfers comply with statutory requirements, if any. (3)					
C. Transfers are recorded in the proper time period under audit, and correct as to accounts and amounts recorded. (4)					
D. Transfers are properly classified and disclosures are adequate. (5)					
Audit Procedures:					
A. Obtain or prepare a schedule of all fund transfers during the year, including reimbursements between funds.					
B. Identify the date and purpose of each transfer and trace to supporting documentation. Document description on workpaper.					
C. Trace to approval in minutes or budget as applicable.	A,B,C				
D. Review transfers for propriety and document findings. Include contributions and reimbursements, from the General Fund to the Student Activity Fund and review for propriety.					
E. Determine that funds are transferred to the Debt Service Fund from the appropriate fund in accordance with Chapter 298A.10 of the Code of Iowa for the payment of:					
1. Lease payments payable from PPEL sources in accordance with Chapter 298.3 of the Code of Iowa.					
2. Debt issued to make immediately available proceeds of the voter-approved PPEL levy in accordance with Chapter 297.36 of the Code of Iowa.					
3. Loan agreements payable from General Fund sources entered into in accordance with Chapter 279.48 of the Code of Iowa.					
F. Determine that transfers-in equal transfers-out.	A				
G. Determine that the transfers are recorded in the proper period.	C				
H. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
I. Determine whether transfers are properly classified and adequately disclosed.	D				

June 30, 2004

TRANSFERS

[illegible]

DISTRICT _____**June 30, 2004****BUDGETS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives:					
A. The annual operating budget, and amendments thereto, are properly prepared, documented and approved.					
B. General Fund spending authority was not exceeded during the year.					
C. Budgetary comparisons are properly included in the appropriate financial statements and schedules of governmental and proprietary funds for which an annual budget has been adopted.					
Audit Procedures:					
A. Obtain a copy of the adopted certified budget.	A				
B. Obtain a copy of each notice, record of hearing and certificate to amend current certified budget.	A				
C. Examine proof of publication for published certified budget and reconcile to adopted certified budget.					
1. Determine that the tax levy adopted was not in excess of the estimate published in accordance with Chapters 24.14 and 24.15 of the Code of Iowa.					
2. Determine that the budgeted amount of expenditures adopted are not higher than the estimated budget amounts published for any of the four expenditure functions (legal level of budgetary control) or in total per Chapter 24.14 of the Code of Iowa.	A				
D. Examine proof of publication for each published certified budget amendment.	A				
E. Determine that hearings were held and publications were made in accordance with Chapter 24.9 of the Code of Iowa.	A				
F. Determine that the budget was certified to the County Auditor by April 15 per Chapter 24.17 of the Code of Iowa.					
G. Determine if amendments were adopted before disbursements exceeded the budget.	A				
H. If amendment was adopted, determine if it was adopted by May 31 as required by Chapter 24.9 of the Code of Iowa.	A				
I. If not, determine if amendment was protested.					
J. If protested, determine if Appeal Board decision was reached before June 30.					
K. Determine amount of AEA flow-through:					
1. Obtain a copy of letter from Iowa Department of Management to determine amount for certified budget adjustment.					
2. Obtain amount of actual AEA flow-through by confirmation for note disclosure.					

DISTRICT _____**June 30, 2004****BUDGETS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
L. Determine the amount of anticipatory warrants redeemed in excess of amounts issued and consider any effect to the budget.					
M. Prepare a workpaper to compare disbursements by functional area to the certified budget or amended certified budget and document and disclose any overexpenditure in the notes to the financial statements and audit comment section.	A,B				
N. Determine whether the District exceeded their authorized budget (spending authority). (Chapter 257.7 of the Code of Iowa)					
1. Obtain a copy of the Department of Management's calculation of spending authority.	A,B				
2. Recalculate authorized budget (spending authority) using applicable audited amounts.	A,B				
3. If the authorized budget (spending authority) is less than the certified budget, prepare a working paper to determine if disbursements in the General Fund exceeded the authorized budget.					
O. Document reason(s) for significant variance(s) between budgeted and actual receipts/revenues.					
P. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.					

BUDGETS

[illegible]

DISTRICT _____**June 30, 2004****INSURANCE AND SELF-INSURANCE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Financial Statement Assertions:					
1. Existence and Occurrence					
2. Completeness					
3. Rights and Obligations					
4. Valuation and Allocation					
5. Presentation and Disclosure					
Audit Objectives:					
A. Claims paid in the period are recorded correctly as to account, amount, and period and are disbursed in accordance with the District's policies and procedures for claims settlement. (1,3,4)					
B. Reserves for claim losses represent a reasonable estimate of the District's liability for claims filed and incurred but not reported (IBNR) claims. (1,2,3,4)					
C. Insurance (self-insurance) revenues, operating transfers, expenditures, assets, liabilities, and fund equity (retained earnings) are properly classified and described in the fund financial statements and related disclosures are adequate. (5)					
D. The District has complied with applicable laws and regulations.					
Audit Procedures:					
A. Inquire about the District's policies and procedures for administering and financing insurance claims, including whether insurance policies are carried for complete coverage of some or all risks, or only for excess liabilities.					
B. Prepare a workpaper to summarize amount and type of significant coverage. Review coverage to:	A,B				
1. Determine if reasonable and current.					
2. Determine significant areas in which risk is retained.					
C. Verify and review surety bond coverage for adequacy and reasonableness and compliance with statutory requirements for all officials and employees in accordance with Chapters 279.8 and 291.2 of the Code of Iowa.	D				
D. If a separate insurance fund has been established, consider analytical procedures such as comparing claims disbursements/expenditures and other fund transactions (i.e. employee contributions, insurance premiums, and administrative fees) to the prior period actual and relate to the number of covered employees (if applicable).	A				
E. Review charges by the insurance fund to other funds and determine if they are in accordance with GASB 10 (GASB Codification Section C50.121-126):	B				
1. If General Fund is used, may use any method to allocate loss expenditures/expenses to other funds of the entity. Transactions that constitute reimbursements of the General Fund for disbursements/expenditures/					

DISTRICT _____**June 30, 2004****INSURANCE AND SELF-INSURANCE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>expenses initially made from it that are properly applicable to another fund should be reported as expenditures or expenses in the reimbursing fund and as reductions of the disbursements/expenditure/expense in the General Fund.</p> <p>2. If Internal Service Fund is used, may use any basis considered appropriate to charge other funds as long as the total charge is either calculated in accordance with the criteria of FASB 5 or is based on an actuarial method or historical cost information and adjusted over a reasonable period of time. If latter method is used (actuarial method or historical cost information method), an additional charge may be made to other funds that represents a reasonable provision for expected future catastrophic losses. Charges (billings) should be recognized as revenue by the internal service fund and as expenditures/expenses by the other funds.</p> <p>3. For either General or Internal Service Funds, billings in excess of the accrual should be accounted for as operating transfers.</p> <p>F. Review estimates of losses from claims with a responsible official and determine if properly recorded as an disbursement/expenditure/expense and liability. Estimates should include:</p> <p>1. Reported claims that meet criteria of FASB 5 and GASB Codification, Section C50.110-126.</p> <p>2. Incurred but not reported (IBNR) claims that meet criteria of FASB 5. Determine that the basis used to estimate IBNR claims is reasonable.</p> <p>3. If governmental unit participates in a public entity risk pool and is subject to a supplemental premium assessment, an accrual should be made if the likelihood of such assessment meet criteria of FASB 5.</p> <p>4. If governmental unit participates in a public entity risk pool but is not subject to a supplemental premium assessment, review economic viability of pool with responsible official and determine if liability should be recorded based on certain conditions.</p> <p>5. If governmental unit participates in a public entity risk pool, inquire with responsible official about governmental unit's plans for continuing its participation in the pool. If the governmental unit has plans to terminate its membership, determine if additional liabilities should be recorded based on terms of the agreement to participate.</p>	B				

DISTRICT _____**June 30, 2004****INSURANCE AND SELF-INSURANCE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>G. If the District has a self-funded health insurance plan, including self-funded deductibles:</p> <ol style="list-style-type: none"> 1. Obtain a copy of the actuarial report required by Chapter 509A.15 of the Code of Iowa. 2. Examine report to determine reasonableness of reserves. Determine if additional liability should be recorded in District's financial statements. 3. Determine if a copy of the actuarial opinion and annual financial report were filed with the Insurance Commissioner within 90 days of year-end. 4. If an actuarial report was not obtained because the District qualified under Chapter 509A.15(4) of the Code of Iowa, determine that a waiver was properly requested to the Iowa Insurance Division. 	B,D				
<p>H. If an outside administrator or service company is used:</p> <ol style="list-style-type: none"> 1. Obtain a copy of the annual report on the status of the program. 2. Review report for estimates of liabilities for claims filed and IBNR claims. 3. Compare report with prior periods and discuss any unusual variances with responsible official. 4. Compare amounts in report with recorded estimated liabilities. 	A,B				
<p>I. Determine adequacy of financial statement presentation and disclosures.</p> <ol style="list-style-type: none"> 1. Financial statement presentation considerations should include: <ol style="list-style-type: none"> a. If a single fund is used to record risk financing activities, should be either General Fund or Internal Service Fund. b. Loss liabilities for governmental funds and expendable trust funds should be recognized using the modified accrual basis of accounting (i.e. current portion recorded as an expenditure and fund liability and long-term portion recorded in the entity-wide statements (GASB 34). c. Loss liabilities for an Internal Service Fund (or other proprietary funds) should be recorded as a fund liability of the Internal Service (or other proprietary funds). d. For Internal Service Funds, any amount in retained earnings that arose from an optional additional charge for catastrophic losses should be reported as designated. 	C				

DISTRICT _____**June 30, 2004****INSURANCE AND SELF-INSURANCE**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>e. If governmental unit participates in a public entity risk pool in which there is no transfer of risk to the pool or pool participants, contributions to the pool should be reported as either deposits (if not expected to pay claims) or as reductions of claims liability (if used to pay claims) in accordance with GASB 10 (GASB Codification, Section C50.135) and Statement of Position (SOP) 98-7.</p> <p>f. If the District made contributions to a public entity risk pool with transfers or pooling of risk:</p> <ol style="list-style-type: none"> 1) Determine contributions are recorded as deposits if a return of those contributions is probable. 2) If not probable, then determine contributions are recorded as prepaid insurance to be allocated as expenditures/expenses over future periods, <u>or</u> alternatively, in governmental funds, as expenditures in the period made. <p>2. Disclosures should include:</p> <ol style="list-style-type: none"> a. Description of risks of loss the District is exposed to and ways in which those risks are handled (i.e., purchase of commercial insurance, participation in a public entity risk pool, or risk retention). Describe significant reductions, if any, in insurance coverage from the previous year by major category of risk, and any settlements in excess of insurance coverage in any of the prior three fiscal years. b. If District participates in a public entity risk pool, describe the nature of participation and rights and responsibilities of the entity and the pool. c. If District retains some risk of loss, include the additional disclosures required by GASB 10 (GASB Codification, Section C50.144(d)). d. For Internal Service Funds, also disclose: <ol style="list-style-type: none"> 1) deficit fund balance. 2) retained earnings resulting from optional charges for catastrophic losses. <p>J. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p>					

June 30, 2004

INSURANCE AND SELF-INSURANCE

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>					
We have performed procedures sufficient to achieve the audit objectives for insurance and self-insurance, and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____ Date _____					
Manager _____ Date _____					
Independent Reviewer _____ Date _____					

DISTRICT _____**June 30, 2004****SINGLE AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives: A. Federal revenues and expenditures are valid and complete and, if applicable, indirect costs are allocated properly. B. Federal revenues and expenditures are properly presented in the financial statements. C. The District has complied with laws and regulations affecting the expenditure of grant funds. NOTE: Programmatic requirements are unique to each federal program and can be found in the laws, regulations, and provisions of contract and grant agreements pertaining to the program. For programs listed in the compliance supplement, the programmatic requirements can be found in Part 4. For those not covered in the Compliance Supplement, review Part 7. Audit Procedures: A. Review applicable reference material: <ol style="list-style-type: none"> OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. OMB Circular A-133 Compliance Supplement. OMB Circular A-87, Cost Principles for State and Local Governments (Federal Register, May 17, 1995). OMB Circular A-102 (Revised), Grants and Cooperative Agreements with State and Local Governments (March 3, 1988). Statement on Auditing Standards (SAS) No 74, Compliance Auditing Considerations of Governmental Entities and Recipients of Governmental Financial Assistance (AICPA, Professional Standards, vol. 1, AU 801). GAO <u>Government Auditing Standards</u> (the Yellow Book), 1994 revision. Federal Cognizant Agency Audit Organization Guidelines (the Orange Book), Revised November, 1987. AICPA Audit Guide, Audits of State and Local Governmental Units . OMB Catalog of Federal Domestic Assistance. Applicable sections of the Code of Federal Regulations. B. Obtain or prepare a Schedule of Expenditures of Federal Awards. If prepared by auditor, determine that independence will not be impaired. The schedule should include: <ol style="list-style-type: none"> Federal grantor or pass-through agency, if applicable. Program name. 					
	A				

SINGLE AUDIT[illegible]

DISTRICT _____**June 30, 2004****SINGLE AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
2. Review Compliance Supplement for any special tests and provisions and perform appropriate procedures to ensure compliance. 3. Report the following items in Part III of the Schedule of Findings and Questioned Costs in accordance with Circular A-133 (par. 510): a. Reportable conditions in internal control over major programs. b. Material non-compliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program. c. Known or likely questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. (Should include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.) d. Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a federal program which is not audited as a major program. (Note: except for audit follow-up, the auditor is not required to perform audit procedures for such federal programs.) e. The circumstances concerning why the auditor's report on compliance for major programs is other than an unqualified opinion, unless such circumstances are otherwise reported as findings. f. Known fraud affected a federal award, unless such fraud is otherwise reported as a finding. g. Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresent the status of any prior audit finding. 4. Report other findings in Part IV of the Schedule of Findings and Questioned Costs.					

DISTRICT _____**June 30, 2004****SINGLE AUDIT
COMMON REQUIREMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>The following applicable common requirements should be tested in conjunction with the other tests of detail or through other appropriate tests:</p> <p>A. <u>ACTIVITIES ALLOWED OR UNALLOWED:</u></p> <ol style="list-style-type: none"> 1. Identify the types of activities allowed and unallowed for the program(s) tested. 2. If allowability is determined based upon summary level data, verify allowability of the activity and that individual transactions were properly classified and accumulated into the activity level. 3. If allowability is determined based upon individual transactions, select a sample of transactions and verify allowability of the activity. Be alert for any large dollar transfers from program accounts which may have been used to fund unallowable activities. 4. If the agency under audit is considered a pass-through entity, test a sample of approved subrecipient agreements to verify that the activities covered by the agreement are allowable. <p>B. <u>ALLOWABLE COSTS/COST PRINCIPLES:</u></p> <ol style="list-style-type: none"> 1. For transactions selected which involve federal funds determine whether the costs meet the following criteria: <ol style="list-style-type: none"> a. Authorized or not prohibited under state or local laws or regulations. (Certain costs require specific approval; others are not allowable.) b. Approved by the federal awarding agency, if required. c. Conform to any limitations or exclusions set forth in the Circular (A-87, A-21, A-122), or limitations in the program agreement or specific requirements in the program regulations. d. Costs must be allocable to the federal awards under the provisions of OMB's cost principal Circulars (A-87, A-21, A-122). e. Represent charges for actual costs, not budgeted or projected. f. Allocations of fringe benefits allocations, changes on rates are based on the benefits received by different classes of employees within the organization. g. Given consistent treatment with policies, regulations, and procedures applied uniformly to federal and non-federal activities of the agency. 					

DISTRICT _____**June 30, 2004****SINGLE AUDIT
COMMON REQUIREMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> h. Given consistent accounting treatment within and between accounting periods and not allocable to or included as a direct cost of a federal program if the same or similar costs are allocated to the federal program as an indirect cost. i. Calculated in conformity with generally accepted accounting principles or other comprehensive basis of accounting, when required under the cost principles circulars. j. Not included as a cost or used to meet cost sharing or matching requirements of another federally supported activity in either the current or a prior period. k. Costs must be net of all applicable credits that result from transactions that reduce or offset direct or indirect costs. l. Not included as both a direct billing and a component of indirect costs, i.e., excluded from costs pools included in cost allocation plans (CAPS). m. Supported by underlying documentation. <p>2. When material charges are made from internal service, central service, pension, or similar activities or funds, verify that the charges from these activities or funds are in accordance with the cost principal circulars.</p> <ul style="list-style-type: none"> a. For activities accounted for in separate funds, ascertain if: <ul style="list-style-type: none"> 1) Retained earnings/fund balances (including reserves) were computed in accordance with the applicable cost principles. 2) Working capital was not excessive in amount (generally not greater than 60 days for cash expenses for normal operations incurred for the period exclusive of depreciation, capital costs and debt principal costs). 3) Refunds were made to the federal government for its share of any amounts transferred or borrowed from internal service or central service funds for purposes other than to meet the operating liabilities, including interest on debt, of the fund. b. Verify that all users of services were billed in a consistent manner. c. Verify the billing rates exclude unallowable costs. 					

DISTRICT _____**June 30, 2004****SINGLE AUDIT
COMMON REQUIREMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>d. Verify, where billing rates are not accounted for in separate funds, that billing rates are developed based on actual costs and were adjusted to eliminate profit.</p> <p>e. For organizations that have self-insurance and a certain type of fringe benefit programs (e.g. pension funds), verify that independent actuarial studies appropriate for such activities are performed at least biennially and that current costs were allocated based on an appropriate study which is not over two years old.</p> <p>3. <u>Cost allocation plans/indirect cost rate agreements:</u></p> <p>Determine whether material indirect costs or centralized or administrative services are being charged to federal programs. If such costs are being charged, perform the following procedures:</p> <p>a. Obtain and read the current Cost Allocation Plan (CAP) or negotiable agreement and determine the types of rates and procedures required.</p> <p>b. Obtain and read the current CAP and/or Indirect Cost Rate Agreement and determine the terms of the allocation plan and/or rate agreement in effect (i.e., predetermined, fixed with carryforward provisions or provisional/ final).</p> <p>c. Verify the methods of charging costs to federal awards are in accordance with the provisions of the approved CAP or prepared CAP on file.</p> <p>d. Determine whether the CAPs or Indirect Cost Rate Proposals (IDCRPs) have been approved by the appropriate federal agency and whether the resultant rates or amounts charged are final or still open to adjustment or revision, either immediately or as a carryover adjustment in a future period. If approved and final, the results of the audit work shall be reflected, if appropriate, in recommendations for future procedural improvements.</p> <p>e. Examine claims submitted to the federal agency for reimbursement. Determine if the amounts charged and rates used are in accordance with the plan and if rates are being applied to the appropriate base.</p> <p>f. Review, on a test basis, supporting documentation to determine whether:</p> <p>1) The indirect cost pool or centralized service costs contain only allowable costs in</p>					

DISTRICT _____**June 30, 2004****SINGLE AUDIT
COMMON REQUIREMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>accordance with the applicable OMB's cost principles Circulars (A-87, A-21, A-122).</p> <p>2) The methods of allocating the costs are in accordance with the provisions of Circular A-87, other applicable regulations and negotiated agreements.</p> <p>3) Statistical data in the proposed allocation or rate bases are reasonable, updated as necessary and do not contain any material omissions.</p> <p>4) Time studies or time and effort reports are mathematically and statistically accurate, are implemented as approved, and are based on the actual effort devoted to the various functional and programmatic activities to which the salary and wage costs are charged.</p> <p>5) The allocation methodology is consistent and test the appropriateness of methods used to make changes.</p> <p>6) The indirect costs charged to federal programs are supported by amounts recorded in the accounting records from which the most recently issued financial statements were prepared.</p> <p>C. <u>CASH MANAGEMENT:</u></p> <p>1. Review the government's cash advancement or reimbursement process and evaluate for adequacy.</p> <p>2. If an advancement method is used, review the District's system to determine if it is adequate to limit the amount of federal cash to immediate needs.</p> <p>3. If a reimbursement method is used, review the District's system to determine if it is adequate to ensure the request is properly supported and made in a timely manner.</p> <p>4. For selected grant programs, determine dates and amounts for selected advances or reimbursements of Federal funds and compare to the dates the funds were disbursed and/or checks were presented to the banks for payment.</p> <p>5. For the same programs, evaluate the size of the balances in relation to the program's needs.</p> <p>6. Review records to determine if interest was earned on advances and whether it was returned to the appropriate agency.</p>					

DISTRICT _____**June 30, 2004****SINGLE AUDIT
COMMON REQUIREMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>7. Review the District's payment requests by secondary recipients. Evaluate whether the system is sufficient to limit payments to amounts needed to meet immediate cash requirements.</p> <p>8. Review selected cash reports submitted by subrecipients and determine if the reports show large amounts of excess cash. If they do, ascertain why.</p> <p>D. <u>DAVIS-BACON ACT:</u></p> <p>1. Identify the programs involving construction activities.</p> <p>2. Review selected construction contracts and subcontracts and determine whether they contain provisions requiring the payment of "prevailing" wages. This is applicable to all construction contracts which exceed \$2,000.</p> <p>3. Review the District's system for monitoring applicable contractors and subcontractors with respect to payment of prevailing wages and evaluate for adequacy.</p> <p>4. Review the monitoring system for contracts for selected programs and determine whether there is adherence to the prescribed procedures.</p> <p>5. Examine a sample of contractor or subcontractor payroll submissions and certifications and determine if such submissions indicate that laborers and mechanics were paid the prevailing wage rates established by the Department of Labor for the locality.</p> <p>6. For recipients who have not developed a system, or whose system is not operating effectively:</p> <p style="padding-left: 40px;">a. Obtain the "local" DOL wage determination from the recipient, the architect/engineer (A/E) managing the project or DOL.</p> <p style="padding-left: 40px;">b. Obtain from the client, payroll registers of the construction company and test to determine whether wages paid conform to prevailing wages.</p> <p>E. <u>ELIGIBILITY:</u></p> <p>1. Individuals:</p> <p style="padding-left: 40px;">a. For some federal programs with a large number of individuals receiving benefits, the District may use a computer system for the processing of individual eligibility determinations and the delivery of benefits. U.S. generally accepted auditing standards provide guidance for the auditor when computer processing relates to accounting information that can materially affect the financial statements being audited. When eligibility is material to a major program, and a computer system is integral to eligibility compliance, the</p>					

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COMMON REQUIREMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>auditor should follow this guidance and consider the District's computer processing.</p> <ol style="list-style-type: none"> 1) Perform audit procedures relevant to the computer system as needed to support the opinion on compliance for the major program. 2) These tests may be performed as part of testing the internal controls for eligibility. <ol style="list-style-type: none"> b. Perform procedures to determine completeness of the population. c. Select a sample of individuals receiving benefits and perform tests to determine if the: <ol style="list-style-type: none"> 1) Individuals were eligible in accordance with the compliance requirements of the program. (Note: Some programs have initial and continuing eligibility requirements.) 2) Benefits paid to or on the behalf of the individuals were calculated correctly and in compliance with the requirements of the program. 3) Benefits were discontinued when the period of eligibility expired, or if the person became ineligible. <ol style="list-style-type: none"> 2. Group of Individuals or Area of Service Delivery: <ol style="list-style-type: none"> a. Test information used in determining eligibility and determine if the population or area of service delivery was eligible. b. Perform test to determine if: <ol style="list-style-type: none"> 1) The population or area served was eligible. 2) The benefits paid to or on behalf of the individuals or area of service delivery were calculated correctly. 3. Subrecipients: <ol style="list-style-type: none"> a. If the determination of eligibility is based on an approved application or plan, obtain a copy of the document and identify the applicable eligibility requirements. b. Select a sample of the awards to the subrecipients and perform procedures to verify that the subrecipients were eligible and amounts awarded were within funding limits. 					

DISTRICT _____**June 30, 2004****SINGLE AUDIT**
COMMON REQUIREMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>F. <u>EQUIPMENT AND REAL PROPERTY:</u></p> <ol style="list-style-type: none"> 1. For subrecipients of states that are local governments (Districts). <ol style="list-style-type: none"> a. Obtain a copy of the District's policies and procedures for equipment management and determine if they comply with the state's policies and procedures. b. Select a sample of equipment transactions and test for compliance with the state's policies and procedures for management and disposition of equipment. 2. For non-profit organizations and federal awards received directly from a federal awarding agency by the District: <ol style="list-style-type: none"> a. Inquire if a required physical inventory of equipment acquired under federal awards was taken within the last two years. Test whether any differences between the physical inventory and equipment records were resolved. b. Identify equipment acquired under federal awards during the audit period and trace selected purchases to the property records. Verify that the property records contain the following information about the equipment: <ol style="list-style-type: none"> 1) Description (including serial numbers, or other identification numbers). 2) Source. 3) Title holder. 4) Acquisition date and cost. 5) Percentage of federal participation in the cost. 6) Location. 7) Condition. 8) Ultimate disposition data including date of disposal, sale price or method used to determine fair market value. 3. Select a sample of equipment identified as acquired with federal awards from the property records and observe the equipment. 4. Disposition of Equipment <ol style="list-style-type: none"> a. Determine the amount of equipment dispositions for the year and identify equipment acquired with federal awards. 					

DISTRICT _____

June 30, 2004

**SINGLE AUDIT
COMMON REQUIREMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>b. Perform procedures to verify that the dispositions for the year were properly reflected in the property records.</p> <p>c. For equipment with a current per-unit fair market value in excess of \$5,000, determine whether the awarding agency was reimbursed for the appropriate federal share.</p> <p>5. Disposition of Real Property (applicable to all entities):</p> <p>a. Determine real property dispositions for the audit period and identify property acquired with federal awards.</p> <p>b. Perform procedures to verify that the District followed the instructions of the awarding agency which will normally require reimbursement to the awarding agency of the federal portion of net sales or fair market value at the time of disposition, as applicable.</p> <p>G. <u>MATCHING, LEVEL OF EFFORT, EARMARKING:</u></p> <ul style="list-style-type: none"> • <u>Matching</u> - includes requirements to provide contributions (usually non-federal) of a specified amount or percentage to match federal awards. Match may be in the form of cash or in-kind contributions. • <u>Level of Effort</u> - includes requirements for (a) a specified level of service to be provided from period to period, (b) a specified level of expenditures from non-federal or federal sources for specified activities to be maintained from period to period, and (c) federal funds to supplement and not supplant non-federal funding of services. • <u>Earmarking</u> - includes requirements that specify the minimum and/or maximum amount or percentage of the programs funding that must/may be used for specified activities, including funds provided to subrecipients. <p>Matching:</p> <p>1. Perform tests to verify that the required matching contributions were met.</p> <p>2. Determine the sources of matching contributions and perform tests to verify that they were from an allowable source.</p> <p>3. Test records to corroborate that the value placed on in-kind contributions are in accordance with OMB cost principal circulars, the A-102 Common Rule, program regulations and the terms of the award.</p>					

DISTRICT _____**June 30, 2004****SINGLE AUDIT**
COMMON REQUIREMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>4. Test transactions used to match for compliance with allowable costs/cost principles requirements. This test may be performed in conjunction with the testing of the requirements related to allowable cost/cost principles.</p> <p>Level of Effort:</p> <ol style="list-style-type: none"> 1. Identify the required level of effort and perform tests to verify that the level of effort requirement was met. 2. Perform tests to verify that only allowable categories of expenditures or other effort indicators (e.g., hours, number of people served), were included in the computation and that the categories were consistent from year to year. 3. Perform procedures to verify that the amounts used in the computation were derived from the books and records from which the audited financial statements were prepared. 4. Perform procedures to verify that non-monetary effort indicators were supported by official records. <p>Level of Effort - Supplement not Supplant:</p> <ol style="list-style-type: none"> 1. Determine if the District used federal funds to provide services which they were required to make available under federal, state or local law and were also made available by funds subject to the supplement not supplant requirement. 2. Determine if the District used federal funds to provide services which were provided with non-federal funds in prior years. <ol style="list-style-type: none"> a. Identify the federally funded services. b. Perform procedures to determine whether the federal program funded services that were previously provided with non-federal funds. c. Perform procedures to determine if the total level of services applicable to the requirement increased in proportion to the level of federal contribution. <p>Earmarking:</p> <ol style="list-style-type: none"> 1. Identify the applicable percentage or dollar requirements for earmarking. 2. Perform procedures to verify that the amounts recorded in the financial records meet the requirements (e.g. minimum amounts determine that records show at least the minimum was charged). 3. When requirements specify a minimum percentage or amount, select a sample of transactions supporting the specified amount or percentage and perform tests to 					

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COMMON REQUIREMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>verify proper classification to meet the minimum percentage or amounts.</p> <p>4. When requirements specify a maximum percentage or amount, review the financial records to identify transactions for the specified activity which were improperly classified in another account. (e.g. If administrative costs are limited to 10%, review other accounts charged to the activity for administrative expense which if incorrectly coded, would cause maximum percentage to be exceeded).</p> <p>H. <u>PERIOD OF AVAILABILITY OF FEDERAL FUNDS:</u></p> <p>1. Review the award documents and regulations pertaining to the program and determine any award specific requirements related to for the period of availability and document the availability period.</p> <p>2. Test a sample of transactions charged to the federal award after the end of the period of availability and verify that the underlying obligations occurred within the period of availability and that the payment was made within the allowed time period.</p> <p>3. Test a sample of transactions that were recorded during the period of availability and verify that the underlying obligations occurred within the period of availability.</p> <p>4. Select a sample of adjustments to the federal funds and verify that these adjustments were for transactions that occurred during the period of availability.</p> <p>I. <u>PROCUREMENT AND SUSPENSION AND DEBARMENT:</u></p> <p>For non-profit organizations and federal awards received directly from a federal awarding agency by the District:</p> <p>1. Obtain the District's procurement policies and verify that the policies comply with applicable federal requirements.</p> <p>2. Determine if the District has a policy to use statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals. If such policy exists, verify that these limitations were not applied to federal procurements except where applicable federal statutes expressly mandate or encourage geographical preference.</p> <p>3. Examine procurement policies and procedures and verify the following:</p> <p>a. Written selection procedures require that solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured,</p>					

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COMMON REQUIREMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>identify all requirements that the offeror must fulfill, and include all other factors to be used in evaluating bids or proposals.</p> <p>b. There is a written policy pertaining to ethical conduct.</p> <p>4. Select a sample of procurements and perform the following:</p> <p>a. Examine contract files and verify that they document the significant history of the procurement, including rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis of contract price.</p> <p>b. Verify that procedures provide for full and open competition.</p> <p>c. Examine documentation in support of the rationale to limit competition in those cases where competition was limited and determine if the limitation was justified.</p> <p>d. Examine contract files and determine that a cost or price analysis was performed in connection with procurement actions, including contract modifications and that this analysis supported the procurement action.</p> <p>e. Verify that the awarding federal agency approved procurements exceeding \$100,000 when such approval was required. Procurements (1) awarded by non-competitive negotiations, (2) awarded when only a single bid or offer was received, (3) awarded to other than the apparent low bidder, or (4) specifying a "brand name" product require prior federal awarding agency approval.</p> <p><i>The following only apply to states and federal awards subgranted by the state to the District:</i></p> <p>1. Test a sample of procurements to determine if the state's laws and procedures were followed and that the policies and procedures used were the same as for state funds.</p> <p><i>The following procedure applies to all non-federal entities:</i></p> <p>1. Test a sample of procurements and subawards and determine if the required suspension and debarment certifications were received for subawards and covered contracts. Alternately, select a sample of procurements and subawards and determine that parties are not included on the <u>List of Parties Excluded From Federal Procurement or Non-procurement Programs</u>, issued by the General Services Administration.</p>					

DISTRICT _____**June 30, 2004****SINGLE AUDIT
COMMON REQUIREMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>J. <u>PROGRAM INCOME:</u></p> <ol style="list-style-type: none"> 1. Identify any program income. <ol style="list-style-type: none"> a. Review laws and regulations, the provisions of contract and grant agreements applicable to the program and determine if program income was anticipated and, if so, the requirements for recording and using program income. b. Inquire of management and review accounting records to determine if program income was received. 2. Perform tests to verify that all program income was properly recorded in the accounting records. 3. Perform tests to determine if program income was used in accordance with the program requirements. <p>K. <u>REAL PROPERTY ACQUISITION AND RELOCATION ASSISTANCE:</u></p> <ol style="list-style-type: none"> 1. Determine whether the District is administering a federal or federally-assisted program that involves the acquisition of property or the displacement of households or businesses. 2. Property Acquisition: <ol style="list-style-type: none"> a. Appraisal – test records to verify: <ol style="list-style-type: none"> 1) The just compensation amount offered the property owner was determined by an appraisal process. 2) The appraisal(s) was examined by a review appraiser. 3) The review appraiser prepared a signed statement which explains the basis for adjusting comparable sales to reach the review appraiser's determination of the fair market value. b. Negotiations – verify from supporting documentation that: <ol style="list-style-type: none"> 1) A written offer of the appraised value was made to the property owner. 2) A written justification was prepared if the purchase price for the property exceeded the amount offered and that the documentation (e.g., recent court awards, estimated trial cost ext.) supports such administrative settlement as being reasonable, prudent, and in the public interest. 					

DISTRICT _____**June 30, 2004****SINGLE AUDIT**
COMMON REQUIREMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<ul style="list-style-type: none"> c. Residential Relocations – verify from supporting documentation that the non-federal entity made available to the displaced persons one or more comparable replacement dwellings. 					
<ul style="list-style-type: none"> 3. Replacement Housing Payments – Examine the District’s records to verify and determine if there is documentation that supports the following: <ul style="list-style-type: none"> a. The owner occupied the displacement dwelling for at least 180 days immediately prior to initiation of negotiations. b. The District examined at least three comparable replacement dwellings available for sale and computed the payment on the basis of the price of the dwelling most representative of the displacement dwelling. c. The asking price for the comparable dwelling was adjusted, to the extent justified by local market data, to recognize local area selling price reductions. d. The allowance for increased mortgage costs “buy down” amounts was computed based on the remaining principal balance, the interest rate, and the remaining term of the old mortgage on the displacement dwelling. e. The District prepared written justification on the need to employ last resort housing provisions, if the total replacement housing payment exceeded \$22,500. 					
<ul style="list-style-type: none"> 4. Rental or Downpayment Assistance – Examine the District’s records to determine if there is documentation that supports the following: <ul style="list-style-type: none"> a. The displacee occupied the displacement dwelling for at least 90 days immediately prior to initiation of negotiations. b. The displacee rented, or purchased, and occupied a decent, safe, and sanitary replacement dwelling within one year. c. The District prepared written justification if the payment exceeded \$5,250. 					
<ul style="list-style-type: none"> 5. Business Relocations <ul style="list-style-type: none"> a. Moving expenses – Verify that payments for moving and related expenses were for actual costs incurred or that fixed payments, in lieu of actual costs, were limited to a maximum of \$20,000 and computed based on the average annual net earnings of the 					

DISTRICT _____**June 30, 2004****SINGLE AUDIT
COMMON REQUIREMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>business as evidenced by income tax returns, certified financial statements, or other reliable evidence.</p> <p>b. Business Reestablishment Expense – Verify that (1) the displacee was eligible as a farm operation, non-profit organization, or a small business to receive reestablishment assistance, and (2) the payment was for actual costs incurred and did not exceed \$10,000.</p> <p>L. <u>REPORTING:</u></p> <p>1. Review applicable laws, regulations, the provisions of contract and grant agreements pertaining to the program for reporting requirements.</p> <p>2. Determine the types and frequency of required reports.</p> <p>3. Obtain and review federal awarding agency, or pass-through entity in the case of a subrecipient, instructions for completing the reports.</p> <p>a. For financial reports, determine the accounting basis used in reporting the data (i.e. cash or accrual).</p> <p>b. For performance and special reports, determine the criteria and methodology used in compiling and reporting the data.</p> <p>4. Perform appropriate analytical procedures and determine the reason for any unexpected differences. Examples of analytical procedures include:</p> <p>a. Comparing current period reports to prior periods.</p> <p>b. Comparing anticipated results to the data included in the reports.</p> <p>c. Comparing information obtained during the audit of the financial statements to the report.</p> <p>5. Select a sample of each of the following report types.</p> <p>a. Financial reports:</p> <p>1) Determine if the financial reports were prepared in accordance with the required accounting basis.</p> <p>2) Trace the amounts reported to accounting records that support the audited financial statements and the schedule of expenditures of federal awards and verify agreement.</p> <p>b. Performance reports.</p> <p>1) Trace data to records that accumulate and summarize data.</p>					

DISTRICT _____**June 30, 2004****SINGLE AUDIT**
COMMON REQUIREMENTS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>2) Perform tests of the underlying data to verify that the data were accumulated and summarized in accordance with the required or stated criteria and methodology.</p> <p>c. When intervening computations or calculations are required between the records and the reports, trace reported data elements to supporting worksheets or other documentation that link reports to data.</p> <p>d. Test mathematical accuracy of reports and supporting worksheets.</p> <p>6. Test selected reports for completeness</p> <p>a. For financial reports, review accounting records and determine if all applicable accounts were included in the sampled reports.</p> <p>b. For performance and special reports, review supporting records and determine if all applicable data elements were included in the sampled report.</p> <p>7. Obtain written representation from management that the reports provided to the auditor are true copies of the reports submitted or electronically transmitted to the federal awarding agency or pass-through entity in the case of a subrecipient.</p> <p>M. <u>SUBRECIPIENT MONITORING:</u></p> <p>1. Review the District's subrecipient monitoring policies and procedures and discuss with the District's staff to gain an understanding of the scope, frequency and timeliness of monitoring activities, including the number, size and complexity of awards to subrecipients.</p> <p>2. Test award documents to determine if the District makes subrecipients aware of the award information and requirements imposed by law, regulations, and the provisions of contract and grant agreements; and the activities approved in the award documents were allowable.</p> <p>3. Review the District's documentation of during-the-award subrecipient monitoring to determine if the District provides reasonable assurance that subrecipients used federal funds for authorized purposes, complied with laws and regulations, provisions of contracts and grant agreements and achieve performance goals.</p> <p>4. Review the District's follow-up to ensure corrective action on deficiencies noted during the award monitoring.</p>					

DISTRICT _____**June 30, 2004****SINGLE AUDIT
COMMON REQUIREMENTS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
5. Verify that the District receives audit reports from subrecipients required to have an audit in accordance with OMB Circular A-133, issues timely management decisions on audit findings within six months after receipt of the subrecipient's audit report, and requires subrecipients to take appropriate and timely corrective action on deficiencies identified in audit findings. 6. Verify that in cases of continued inability or unwillingness of a subrecipient to have required audits, the District took appropriate action using sanctions. 7. Verify that the effects of subrecipient non-compliance are properly reflected in the District's records. 8. Document the District's procedures for monitoring subrecipients who are not required to have an A-133 audit (total expenditures of federal awards of less than \$500,000). Review the procedures for reasonableness and adequacy.					
N. <u>SPECIAL TESTS AND PROVISIONS:</u> 1. Review the laws, regulations, provisions of grant, and contract agreements to identify special tests and provisions. 2. Develop procedures to test these requirements.					

June 30, 2004

SINGLE AUDIT

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
MISCELLANEOUS PROVISIONS:					
A. If the District is a pass-through agency of federal funds, ensure the appropriate receipts/revenues and disbursements/expenditures are recognized in compliance with GASB 24.					
B. Obtain Data Collection Form.					
C. Prepare notification letters to pass-through entities not required to receive a reporting package.					
D. Obtain Corrective Action Plan for Federal Audit Findings from District (prepared on District letterhead) and review for propriety.					
E. Obtain Summary Schedule of Prior Federal Audit Finding from District (prepared on District letterhead) and review for propriety.					
F. Determine if risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>					
We have performed procedures sufficient to achieve the audit objectives for single audit, and the results of these procedures are adequately documented in the accompanying workpapers.					
Incharge _____	Date _____				
Manager _____	Date _____				
Independent Reviewer _____	Date _____				

DISTRICT _____**June 30, 2004****MISCELLANEOUS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives:					
A. The District complied with other statutory requirements.					
Audit Procedures:					
A. Iowa Early Intervention Block Grant Program					
1. Determine that moneys received under Section 256D of the Code of Iowa are not commingled with state aid payments per Chapter 257.16 of the Code of Iowa.					
2. Determine that moneys received are credited to the general fund per Chapter 257 of the Code of Iowa.					
3. Determine that moneys received are spent in accordance with Section 256D.2 of the Code of Iowa.					
B. Student Achievement and Teacher Quality Program					
1. Determine that moneys received under Section 284 of the Code of Iowa are not commingled with state aid payments per Chapter 257.16 of the Code of Iowa. (Funding of revenues and expenditures was kept separate by using a specific project code as provided by DE)					
2. Determine that moneys received are credited to the general fund per Chapter 257 of the Code of Iowa.					
3. Determine that moneys received are spent in accordance with Chapters 284.1, 284.7, and 284.13(1)(f) of the Code of Iowa.					
C. Certified Enrollment					
1. Obtain documentation from the Department of Education of the amount certified as basic enrollment for the District's for September, 2003.	A				
2. Examine documentation maintained by the district of the numbers certified as basic enrollment.					
a. Resident public students – line 1					
1) Determine that the number reported agrees to the number of students reported on Form 1.					
2) On a test basis, determine that the number reported on line 1 does not include any students required to be reported on any other row. For example, open enrollment students (rows 2 or 8), tuitioned students (rows 3, 6, 9 or 10), or part-time, shared-time students (rows 4 or 5). Also determine that no home school assistance program student or dual enrolled student is also counted as a 1.0 student (rows 1, 2, 3, 8 or 9).					

DISTRICT _____**June 30, 2004****MISCELLANEOUS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>3) Through inquiry, determine that the number reported does not include any out-of-state students who are living in the district only for the purposes of attending school. (Guardianship does not determine residency and does not meet the definition of residency.)</p> <p>4) Determine that:</p> <p>a) Regular education foster care students have been included if the student was not a resident of the District prior to entering foster care and was enrolled in the district on the third Friday in September.</p> <p>b) Special education foster care students have not been included.</p> <p>b. Open Enrollment (out) – line 2</p> <p>1) Determine that payments made to other districts support the number of students reported on Form 2. (Review open enrollment approvals also since tuition may not be required due to timeliness of approval. If the student was counted on the third Friday in September, tuition would be due.)</p> <p>c. Tuitioned out resident public students for which the District is paying tuition (other than open enrolled out) – line 3.</p> <p>1) Determine that tuition paid to other districts supports the number of students reported.</p> <p>d. Shared-time accredited non-public students (resident and nonresident) – line 4. (Note: The count should be determined from the actual first semester enrollments and second semester pre-registrations not from estimates.)</p> <p>1) Examine District documentation for the number reported as enrolled in a particular shared subject on Forms 4a and 4b .</p> <p>2) Determine that tuition paid to a postsecondary school supports the number reported as enrolled at a particular postsecondary school on Form 4b.</p> <p>e. Part-time public students – line 5.</p> <p>1) If the Iowa School for the Deaf, Iowa Braille and Sight Saving School or the Iowa Juvenile Home is located within the District and students residing in the state institution are enrolled in regular education classes at the</p>					

DISTRICT _____**June 30, 2004****MISCELLANEOUS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>District, determine the District appropriately included students on Form 5.</p> <p>2) Examine supporting documentation for the FTE included by the District to cover the transportation costs of resident students attending classes at the Iowa School for the Deaf or the Iowa Braille and Sight Saving School.</p> <p>f. High School students enrolled in a community college for whom the district pays tuition – line 6.</p> <p>1) Determine that tuition paid to a community college supports the number reported for students enrolled in a community college.</p> <p>3. Examine documentation maintained by the District of the numbers certified as supplementary weighting on line 12. (See Iowa Administrative Code Chapter 281-97.)</p> <p>a. Through inquiry, determine the students reported do not include special education students, students covered under the post-secondary enrollment option (Chapter 261C of the Code of Iowa), open enrollment students (in or out), whole grade sharing students (in or out), students who are not residents of the district, nonpublic students, or students in at-risk programs or alternative schools, or courses taught via ICN, or students participating in a home school program or dual enrollment, or students participating in shared services, or students enrolled in summer school programs.</p> <p>b. Through inquiry, determine that students claimed are sent to another school district or to a community college to attend classes part-time, or a teacher employed by another district teaches the classes. (Community college courses must be for college credit or for dual college/high school credit and may be provided at the district site. The District that employs the teacher for the classes can not receive supplementary weighting. The district that hosts and provides the program can not receive supplementary weighting.)</p> <p>c. Determine that the tuition paid to another District or to the Community College supports the number of students reported.</p> <p>4. Compare the number of resident students attending accredited nonpublic schools on line 14 to the form sent to the District from the accredited nonpublic school. The number should not include students attending</p>					

DISTRICT _____**June 30, 2004****MISCELLANEOUS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>nonaccredited schools or attending private, college-preparatory high schools.</p> <p>5. Report any variances noted for lines 7 through 13 to the Department of Management (DOM) and send copy of the letter to the Department of Education (DE). (For basic enrollment variances, it is the variance at line 7 that is reported to DOM and DE rather than the individual lines 1 through 6.) For line 12 (supplementary weighting) variances, include a copy of the amended form 12 with the letter to the DE. Comment accordingly.</p> <p>D. Certified Annual Report (CAR)</p> <p>1. Determine that the Certified Annual Report was completed and filed (Due date is September 15).</p> <p>2. Reconcile Certified Annual Report balances and selected line items with District ledgers.</p> <p>3. Through inquiry and/or scanning records, determine that revenues received, such as tuition, federal, state or local grants, or other donations for special education purposes have been deducted from the special education expenditures reported. (After these have been deducted, the expenditures reported should be those for resident students only that are not funded through another source.)</p> <p>4. Investigate variances.</p> <p>a. Variances should be discussed with District. Variances are corrected as auditor's adjustments to beginning balance on the subsequent fiscal year's CAR.</p> <p>b. Consider report comment recommending contacting the DE regarding errors which could have a permanent effect on the District's unspent balance.</p> <p>5. Foster Care Students</p> <p>a. Obtain a copy of the District's Foster Care Facilities Form:</p> <p>1) Compare the number of regular education nonresident students on the form to the total number reported on the claim on the CAR.</p> <p>2) Compare the number of regular education nonresident students on the form that were enrolled on the third Friday in September with the number reported on the claim on the CAR as having been counted on the certified enrollment.</p>	A				

DISTRICT _____**June 30, 2004****MISCELLANEOUS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
3) Determine that the claim does not include any special education students or any resident students. 4) Select students on the Foster Care Facilities Form for tracing to the District's documentation supporting the number of Foster Care Students reported as enrolled within the District. 5) Determine that aggregate days include only regular session and does not include summer session. 6) Compare the "aggregate days enrolled" per the Foster Care Facilities Form to the "aggregate days present and absent" on the CAR for reasonableness. 7) If the total number of "aggregate days present and absent" on the CAR exceeds the number of days calculated from the "aggregate days enrolled" on the Foster Care Facilities Form, this should be reported to the Department of Education.					
E. Local Option Sales and Service Tax (LOSST): 1. Determine the LOSST election was held in accordance with Chapter 422E.2 of the Code of Iowa. 2. Determine LOSST revenues are recorded in a separate Capital Projects Fund in accordance with DE guidance. 3. Determine LOSST expenditures are in accordance with the revenue purpose statement and Chapter 422E of the Code of Iowa. File a copy of the ballot and revenue purpose statement in the permanent file. 4. Determine that bonds issued to make immediately available the LOSST revenues were issued in accordance with Chapter 422E.4 of the Code of Iowa.	A				
F. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.					

June 30, 2004

MISCELLANEOUS

[illegible]

DISTRICT _____**June 30, 2004****28E ENTITIES WITH GROSS RECEIPTS
OVER \$100,000**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives:					
A. To provide for the examination of financial condition and transactions of 28E organizations accounted for by the District, in accordance with Chapter 11.6 of the Code of Iowa.					
Audit Procedures:					
A. Determine those 28E organizations for which the District performs receipt and disbursement functions for, and for which gross receipts were in excess of \$100,000 during the fiscal year.					
B. Discuss with a responsible official of the 28E's governing body the Code requirement for an audit, and determine whether the governing body wants the audit conducted at the same time as the District's audit:					
1. Document name of responsible official and discussion.					
2. Obtain the organization's concurrence to conduct the audit. Ask for the concurrence in writing. Governing body action may be required.					
3. Discuss billing arrangements.					
C. If organization concurs to an audit, perform the following:					
1. Review and document the organization's internal controls.					
2. Review and test receipts, disbursements, payroll and any other significant transaction cycles as considered necessary. If payroll is not processed with the District's payroll system, review payroll withholdings and quarterly reports.					
D. For 28E organizations, prepare a separate statement of changes in assets and liabilities for inclusion in the District's audit report.					
E. Determine if the risk of material misstatement due to fraud has changed based on results of substantive tests performed. If so, perform appropriate procedures.					

June 30, 2004

**28E ENTITIES WITH GROSS RECEIPTS
OVER \$100,000**

[illegible]

DISTRICT _____**June 30, 2004****COMPLETION OF AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives: A. Written representations have been obtained from responsible officials. B. Misstatements discovered during the audit have been evaluated. C. Financial statements are fairly presented. D. The effect on the auditor's report of GAAP departures, scope limitations, uncertainties, other auditors, or other matters has been evaluated. E. Reportable conditions have been communicated to the appropriate parties. F. Significant commitments, contingencies and subsequent events that may require disclosure have been identified. Audit Procedures: A. Inquire as to whether all funds have been brought to our attention. B. Review ending account balances for material deficiencies and include comment, if appropriate, in report. Document the District's plans to eliminate deficit, if any. C. Identify any commitments, contingencies, and subsequent events that may require disclosure. 1. In connection with litigation and claims, perform the following procedures: a. Obtain from District officials a description and evaluation of litigation and asserted and unasserted claims. b. Examine documents in the District's possession concerning the above matters. c. Review invoices for legal services and consider whether any other matters in addition to the above were disclosed during the course of the audit. d. Review attorney's letter for matters requiring disclosure. 2. Complete review of minutes through the end of fieldwork for subsequent events. 3. Scan records subsequent to period under audit for significant unusual receipts, payments and non-standard entries. D. Determine if footnote disclosure is needed and obtain documentation for the following items (For Districts with unusual types of activities, consider reviewing the AICPA disclosure checklist): 1. Lease commitments (capital and operating leases). 2. Construction commitments.	F				

DISTRICT _____**June 30, 2004****COMPLETION OF AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
3. Contracts.					
4. Subsequent events.					
5. Lawsuits.					
6. Other commitments and contingencies (including outstanding indebtedness of others guaranteed by the District; moral obligations; and no-commitment debt).					
7. Health insurance trust.					
8. Relationships with organizations other than component units:					
a. Related organizations.					
b. Joint ventures.					
c. Jointly governed organizations.					
d. Component units and related organizations with joint venture characteristics.					
e. Pools.					
f. Undivided interests.					
g. Cost-sharing arrangements.					
9. Other pertinent information.					
E. Summarize and evaluate misstatements noted during the audit, including both known and likely misstatements. (SAS 98)	B				
F. Document the reconciliation of the financial statements to accounting records.					
G. Obtain District's concurrence on proposed adjusting journal entries.					
H. Determine and document whether there could be substantial doubt about the District's ability to continue as a going concern.	D				
I. Inquire of District officials about existence of material subsequent transactions or events and significant matters unresolved at year-end.					
J. Determine and document the type of opinion rendered for each opinion unit. Document reasons for variances from unqualified opinion.	C,D				
K. Summarize reportable conditions and identify material weaknesses.	E				
L. Draft audit report, including opinions, financial statements, notes, supplemental information and other reports. Date of report should be the same date as the end of fieldwork. Determine that preparation of the draft audit report will not impair independence.	C				

DISTRICT _____**June 30, 2004****COMPLETION OF AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>M. Perform the following limited procedures to Required Supplementary Information (RSI), as required by SAS No.52:</p> <ol style="list-style-type: none"> 1. Inquire of management about the methods used in preparing the information. 2. Compare the information for consistency with management's responses to the foregoing inquiries, audited financial statements and other knowledge obtained during the examination of the financial statements. 3. Consider whether representations on RSI should be included in specific written representations obtained from management. (SAS 85) 4. Apply additional procedures, if any, that other statements, interpretations, guides or statements of position prescribe for specific types of RSI. 5. Make additional inquiries if application of the foregoing procedures causes the auditor to believe that the information may not be measured or presented within applicable guidelines. <p>N. Review the reasonableness of the Management's Discussion and Analysis which is limited to the following required elements: (GASB 34 par.11)</p> <ol style="list-style-type: none"> 1. A brief discussion of the basic financial statements, including the relationships of the statements to each other and the significant differences in the information they provide. 2. Condensed financial information derived from entity-wide financial statements comparing the current year to the prior year. 3. An analysis of the government's overall financial position and results of operations to assist users in assessing whether financial position has improved or deteriorated as a result of the year's operations. 4. An analysis of balances and transactions of individual funds. The analysis should address the reasons for significant changes in fund balances or fund net assets and whether restriction, commitments or other limitations significantly affect the availability of fund resources for future use. 5. An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the general fund. 6. A description of significant capital asset and long-term debt activity during the year, including commitments made for capital expenditures, 					

DISTRICT _____**June 30, 2004****COMPLETION OF AUDIT**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<p>changes in credit ratings and debt limitations that may affect the financing of planned facilities or services.</p> <p>7. If applicable, a discussion of the modified approach to report some or all of the infrastructure assets.</p> <p>8. A description of currently known facts, decisions or conditions that are expected to have a significant effect on financial position or results of operations.</p> <p>O. Perform a retrospective review of significant accounting estimates reflected in the prior year financial statements and consider whether the underlying assumptions in the prior year indicate a possible bias on the part of management. Consider whether the results of the review provide additional information about possible bias in making current year estimates. If possible bias is identified, evaluate whether the circumstances represent a risk of material misstatement due to fraud. (AU 316.64)</p> <p>P. Evaluate and document the business rationale for significant unusual transactions. (AU 316.66)</p> <p>Q. Perform analytical procedures for overall review of financial statements. Document the consideration of the following:</p> <ol style="list-style-type: none"> 1. The adequacy of evidence gathered in response to unusual or unexpected balances identified in planning the audit or in the course of the audit. 2. Unusual or unexpected balances or relationships that were not previously identified. <p>R. Conduct an exit conference with the District. In addition to the District Secretary and Superintendent, request Board President or Board Member attendance and include the audit committee, if possible. Document communication of:</p> <ol style="list-style-type: none"> 1. Report findings. 2. Non-report findings. 3. Audit and accounting problems that may affect the audit bill. 4. Uncorrected misstatements which are believed to be immaterial. <p>S. Obtain written representation signed by Superintendent and District Secretary.</p> <ol style="list-style-type: none"> 1. Modify, as necessary, for related party/business transactions, federal financial assistance representations, obsolete inventories and/or other items. 2. Prepared on District's letterhead. 3. Dated last day of fieldwork. 	<p>C</p> <p>E</p> <p>A</p>				

June 30, 2004

COMPLETION OF AUDIT

[illegible]

DISTRICT _____

June 30, 2004

AUDIT AND ACCOUNTING PROBLEMS

[illegible]

June 30, 2004

[illegible]

DISTRICT _____**June 30, 2004****ITEMS FOR COMMENT-
STATUTORY AND OTHER LEGAL MATTERS**

W/P Ref	Item Description	Repeat of Prior Year		In Comp- Liance		Report Non-Compliance		Comment Number	Non- Report
		Y	N	Y	N	Mat- erial₁	Non- Material₂		
	Required:								
	Official Depositories								
	Certified Budget								
	Questionable Expenditures/ Disbursements								
	Travel Expense								
	Business Transactions								
	Bond Coverage								
	Board Minutes								
	Certified Enrollment								
	Deposits and Investments								
	Certified Annual Report								
	Other non-compliance:								

1 - Reported in Findings Related to the General Purpose Financial Statements

2 - Reported in Other Findings Related to Required Reporting

June 30, 2004

[illegible]

1 - Reported in Findings Related to the General Purpose Financial Statements
2 - Reported in Other Findings Related to Required Reporting

June 30, 2004

[illegible]

R/C = Reportable Conditions

ITEMS FOR NEXT YEAR

[illegible]

Name of District _____
 Fund Type or Account Group _____

Fiscal Year Ended 6-30-04

Prepared By	Initial	Date
Reviewed By		

This form should be used to accumulate known audit differences by opinion unit detected by non-sampling substantive tests (including differences in accounting estimates) and projected audit differences from substantive tests that used sampling. A separate Audit Difference Evaluation Form should be maintained for each fund type and account group. Use whole dollars only.

				Financial Statements Effect - Amount of Over (Under) Statement of:							
K/P	Description (Nature) of Audit Difference	Amount	Work- paper Ref.	Total Assets	Total Liab.	Fund Equity	Revenues	Expend.	Excess of Rev. over Expend. (a)	Working Cap. (b)	Mgr. Appr.
Unadjusted audit differences - this year											
Effect of unadjusted audit differences - last year											
Net audit difference											
Financial statement caption totals											
Net audit differences as a % of F/S captions											

K - Known Audit Difference

P - Projected Audit Difference

(a) For a proprietary fund type, this column would show the effect on net income.

Planning Materiality \$ _____

(b) This column would only be used for a proprietary fund type.

Are any of the audit differences identified above indicative of fraud? Yes _____ No _____

If yes, contact the Manager.

DISTRICT _____**June 30, 2004****OPINION, DISCLOSURES AND
OTHER REPORT INFORMATION****A. Independent Auditor's Report on the financial statements:****1. Type of opinion rendered for each opinion unit and reason for modification of opinion, if applicable:**

<input type="checkbox"/> Governmental Activities	U	Q	D	A
<input type="checkbox"/> Business Type Activities	U	Q	D	A
<input type="checkbox"/> Major Fund – General	U	Q	D	A
<input type="checkbox"/> Major Fund -	U	Q	D	A
<input type="checkbox"/> Major Fund -	U	Q	D	A
<input type="checkbox"/> Major Fund -	U	Q	D	A
<input type="checkbox"/> Major Fund -	U	Q	D	A
<input type="checkbox"/> Major Fund -	U	Q	D	A
<input type="checkbox"/> Additional Major Fund	U	Q	D	A
<input type="checkbox"/> Additional Major Fund	U	Q	D	A
<input type="checkbox"/> Aggregate Remaining Fund Information	U	Q	D	A
<input type="checkbox"/> Aggregate Discretely Presented Component Units	U	Q	D	A

2. Supplemental information accompanying basic financial statements (AU 551) (check applicable):

<input type="checkbox"/> Include "in relation to" opinion.				
<input type="checkbox"/> Disclaim opinion on unaudited information.				
<input type="checkbox"/> Prior year information audited by AOS and type of opinion(s) rendered:				
<input type="checkbox"/> 2003	U	Q	D	A
<input type="checkbox"/> 2002	U	Q	D	A
<input type="checkbox"/> 2001	U	Q	D	A
<input type="checkbox"/> Prior year information audited by other auditors and type of opinion(s) rendered:				
<input type="checkbox"/> 2003	U	Q	D	A
<input type="checkbox"/> 2002	U	Q	D	A
<input type="checkbox"/> 2001	U	Q	D	A

June 30, 2004

[illegible]

DISTRICT _____**June 30, 2004****OPINION, DISCLOSURE AND
OTHER REPORT INFORMATION**

Y = Yes N = No N/A = Not Applicable

C. IAR on Compliance and on Internal Control Over Financial Reporting:

1. Instances of material non-compliance	<u>Y</u> <u>N</u>	<u>GF-12's</u>
2. Instances of non-material non-compliance	<u>Y</u> <u>N</u>	<u>GF-12's</u>
3. No instances of non-compliance	<u>Y</u> <u>N</u>	<u>GF-12's</u>
4. Reportable Conditions	<u>Y</u> <u>N</u>	<u>GF-12's</u>
5. Material Weaknesses	<u>Y</u> <u>N</u>	<u>GF-12's</u>
6. Follow-up of prior year comments:		
a. Compliance		Repeat Some/All Resolved/N/A
b. Internal control		Repeat Some/All Resolved/N/A

**D. IAR on Compliance with Requirements Applicable to Each
Major Program and Internal Control over Compliance:**

1. Instances of non-compliance		See next page
2. Reportable Conditions	<u>Y</u> <u>N</u>	<u>GF-12's</u>
3. Material Weaknesses	<u>Y</u> <u>N</u>	<u>GF-12's</u>
4. Follow-up of prior year comments:		
a. Compliance		Repeat Some/All Resolved/N/A
b. Internal control		Repeat Some/All Resolved/N/A

E. Because this audit is being conducted under Chapter 11 of the Code of Iowa, Government Auditing Standards and OMB Circular A-133, users of the report are presumed to be aware of the conditions under which the report is issued, including the requirement of state law that requires the report to be open to the public.

F. Dollar threshold used to distinguish between Type A and Type B programs

\$ _____ GF-1's

G. District qualified as low-risk auditee

Y N GF-1's

DISTRICT _____**June 30, 2004****OPINION, DISCLOSURE AND
OTHER REPORT INFORMATION**

	Major Program (CFDA #):					Major Program (CFDA #):				
	Require- ment Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Material Weakness	Type of Opinion	Require- ment Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Material Weakness	Type of Opinion
Common requirements (GF-9s):										
Activities Allowed or Unallowed	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Allowable Costs/Cost Principles	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Cash Management	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Davis-Bacon Act	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Eligibility	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Equipment and Real Property	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Matching, Level of Effort, Earmarking	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Period of Availability of Federal Funds	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Procurement, Suspension and Debarment	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Program Income	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Real Property Acquisition and Relocation Assistance	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Reporting	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Subrecipient Monitoring	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Special Tests and Provisions	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A

U = Unqualified
 Q = Qualified
 D = Disclaimer
 A = Adverse

MNC = Material noncompliance
 QC = Questioned Cost > \$10,000
 RC = Reportable Condition
 NONE = None required to be reported

Y = Yes
 N/A = Not applicable

DISTRICT _____**June 30, 2004****OPINION, DISCLOSURE AND
OTHER REPORT INFORMATION**

Common requirements (GF-9s):

Activities Allowed or
Unallowed

Allowable Costs/Cost
Principles

Cash Management

Davis-Bacon Act

Eligibility

Equipment and Real Property

Matching, Level of Effort,
Earmarking

Period of Availability of
Federal Funds

Procurement, Suspension
and Debarment

Program Income

Real Property Acquisition
and Relocation Assistance

Reporting

Subrecipient Monitoring

Special Tests and Provisions

Major Program (CFDA #):					Major Program (CFDA #):				
Require- ment Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Material Weakness	Type of Opinion	Require- ment Tested	Findings reported in Part III of SFQC	Type of finding reported in Part III	Material Weakness	Type of Opinion
Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A
Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A	Y N/A	Y N/A	MNC,QC,RC,NONE	Y N/A	U,Q,D,A

U = Unqualified
Q = Qualified
D = Disclaimer
A = Adverse

MNC = Material noncompliance
QC = Questioned Cost > \$10,000
RC = Reportable Condition
NONE = None required to be reported

Y = Yes
N/A = Not applicable

DISTRICT _____**June 30, 2004****OTHER REPORT INFORMATION**
SINGLE AUDIT**REPORTING PACKAGES** – The following entities are required to receive a copy of the District's reporting package:

- 1) Federal Clearinghouse
- 2) Additional copies to the Federal Clearinghouse for each federal agency that provided **direct** funding when:

The Schedule of Findings and Questioned Costs disclose audit findings related to federal awards that the federal agency provided directly and/or,

The Summary Schedule of Prior Audit Findings reported the status of any audit findings related to federal awards that the federal agency provided directly.

List appropriate agencies, if any:

_____	_____
_____	_____
_____	_____

- 3) Grantor pass-through entities when:

The Schedule of Findings and Questioned Costs disclose audit findings related to federal awards that the pass-through entity provided and/or,

The Summary Schedule of Prior Audit Findings reported the status of any audit findings related to federal awards that the pass-through entity provided directly.

List appropriate agencies and their addresses, if any:

_____	_____
_____	_____
_____	_____
_____	_____

DISTRICT _____**June 30, 2004****OTHER REPORT INFORMATION**
SINGLE AUDIT**NOTIFICATION LETTERS** – The following entities are required to receive an audit notification:

All pass-through entities not required to receive a copy of the reporting package (see previous page),

Circle applicable agencies:Iowa Dept of Public Safety
Wallace State Office Building
LOCALGovernor's Office on Drug Control Policy
Ola Babcock Miller Building
1112 East Grand Avenue, 2nd Floor
Des Moines, IA 50309Iowa Dept of Human Services
Division of Fiscal Management
1st Floor
Hoover State Office Building
LOCALIowa Dept of Education
Grimes State Office Building
LOCALIowa Dept of Public Health
Lucas State Office Building
LOCALIowa Dept of Natural Resources
Wallace Building
LOCALIowa Dept of Elder Affairs
Clemens Building
LOCALIowa Dept of Economic Development
200 East Grand
Des Moines, Iowa 50309Iowa Dept of Transportation
Attn. Don Breniman
800 Lincoln Way
Ames, IA 50010Iowa Dept of Public Defense
Iowa Homeland Security and
Emergency Management Division
Hoover Building
LOCAL

List other agencies and their addresses:

CONFIRMATION CONTROL

[illegible]

June 30, 2004

WORKPAPER COPIES GIVEN
TO CLIENT AND
OUTSIDE PARTIES

[illegible]

PENDING MATTERS

[illegible]

June 30, 2004

[illegible]

DISTRICT _____**June 30, 2004****INCHARGE REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
1. Was the scope of our audit in accordance with our audit plan?			
2. Have you informed the Manager of all identified problems and internal control weaknesses that resulted in significant modification in the audit program, and have you obtained the manager's concurrence with the modifications?			
3. Have you gathered enough evidence to satisfy the audit program objectives?			
4. Are you satisfied that the evidence gathered does not disclose suspicions of fraud, violations of statutory, regulatory and contractual provisions, or other illegal acts other than those noted in the statutory comments of the report?			
5. Are you satisfied that we have a reasonable basis for the expression of an opinion on each opinion unit and that the workpaper documentation supports the opinion we are expressing on each opinion unit?			
6. Are you satisfied with the results of the limited procedures performed for required supplementary information (RSI), including management's discussion and analysis (MD&A) and other supplementary information?			
7. Are you satisfied there is not substantial doubt about the District's ability to continue as a going concern, or if there is substantial doubt, the appropriate disclosures were made and an explanatory paragraph was included in the Independent Auditor's Report?			
8. Are you satisfied that we have a reasonable basis for and the workpapers support our statement in the Independent Auditor's Report on Compliance and Internal Control over Financial Reporting for instances of non-compliance required to be reported under <u>Government Auditing Standards</u> ?			
9. Are you satisfied that we have a reasonable basis for expressing an opinion on the District's compliance with the common requirements applicable to major federal programs?			
10. Are you satisfied that we have obtained an adequate understanding of the design of internal controls, determined whether these controls have been placed in operation and assessed control risk?			
11. Are you satisfied that we have reduced the detection risk to a reasonable level?			
12. Have all applicable items on the audit planning, questionnaires and audit program been completed and workpapers properly indexed and signed or initialed by those doing the work?			
13. Have all significant unusual or unexpected balances or relationships noted during planning or the course of the audit been adequately investigated and documented?			
14. Has the work of all assistants been thoroughly reviewed?			
15. Have review notes been adequately resolved?			
16. Are you satisfied that the planned level of risk of material misstatement due to fraud did not increase based on the accumulated results of the audit procedures performed during fieldwork?			
17. Has there been appropriate communication with other audit team members through the audit regarding information or conditions indicative of risks of material misstatement due to fraud? (AU 316.74)			
18. Have you discussed with the client and prepared draft comments or memoranda regarding communication of the following to the District:			
a. Management suggestions?			

DISTRICT _____**June 30, 2004****INCHARGE REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
b. All reportable conditions and material weaknesses in the internal controls that we observed?			
c. All immaterial items noted during our audit?			
d. Non-compliance with any statutory, regulatory or contractual requirements?			
e. Auditor's Reports on financial statements, compliance and internal controls?			
19. Has the audit report routing sheet:			
a. Been completed and signed off?			
b. Been completed for the report distribution section, including addresses for non-client report recipients?			
20. Has the news release draft been completed?			
21. Has a list been prepared of all significant pending matters which must be cleared before issuing the report?			
22. Has the Manager been informed of all pending matters?			
23. Have required engagement evaluation reports been completed by the appropriate person(s)?			
24. Are you satisfied that all audit work complied with professional standards and office policies?			
COMMENTS (required for "No" answers):			
Incharge _____			
Date _____			
Manager _____			
Date _____			
Independent Reviewer _____			
Date _____			

DISTRICT _____**June 30, 2004****MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
A. <u>GENERAL</u>			
1. Have you reviewed the workpapers and do you concur with the conclusions of the incharge?			
2. Have all exceptions noted on the Incharge Review Questionnaire been resolved?			
3. Are you satisfied that:			
a. the audit program was properly modified for identified problems and internal control weaknesses?			
b. required supplementary information (if applicable) has been obtained and testing procedures have been performed?			
c. the judgments and conclusions reached are supported by documented evidence?			
d. appropriate changes for the next examination, if any, have been summarized?			
e. all audit work conformed to the audit plan, scope and objectives?			
f. all significant or unexpected balances or relationships noted during planning or the course of the audit have been adequately investigated and documented?			
g. nothing was noted that indicated an increased level of risk of material misstatement due to fraud?			
4. Do the workpapers include adequate documentation as to:			
a. changes in accounting policies?			
b. conformity with U. S. generally accepted accounting principles or another comprehensive basis of accounting, if appropriate?			
c. conformity with U. S. generally accepted government auditing standards?			
d. conformity with statutory, regulatory and contractual provisions?			
e. adequacy of disclosure?			
f. compliance with office policies?			
5. Have applicable questionnaires been completed?			
6. Have all applicable procedures been performed and signed off?			
7. Have all review comments been cleared with adequate documentation of disposition?			
8. Have required performance evaluations been completed?			
B. <u>FINANCIAL STATEMENTS AND AUDIT REPORT</u>			
1. Are the financial statements adequately referenced to footnote disclosures?			
2. Are the dates covered by the financial statements correct?			

DISTRICT _____**June 30, 2004****MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
3. Are all material facts disclosed which are necessary to not make the financial statements misleading?			
4. Have all material and/or special or extraordinary subsequent events been evaluated and properly disclosed?			
5. Is there adequate documentation in the workpapers to support the footnotes?			
6. Do the footnotes clearly explain the facts?			
7. Is the nature of each financial statement clearly indicated by its title?			
8. Do the financial statements maintain a uniform manner of format, capitalization, headings and appearance in general within itself?			
9. Is our audit report addressed to the proper party?			
10. Does our opinion or each opinion unit properly state the responsibility we wish to assume?			
11. Has adequate audit work been performed to support the opinion(s) on the financial statements that we are rendering.?			
12. Is the report dated as of the last day of fieldwork?			
13. Is any data in the footnotes that requires special mention, with respect to the date of our report, appropriately reflected in the date of our report?			
14. Is our opinion on the supplemental financial information proper and supported by our audit?			
15. Are disclosures in each opinion unit, financial statements, and notes to financial statements adequate and do they clearly communicate the facts?			
16. Have you performed final analytical procedures, including a comparison of the financial statements to the prior year?			
17. Are you satisfied that the audit did not disclose any suspicions of irregularities, violations of statutory, regulatory and contractual provisions or other illegal acts other than those noted in the statutory comments of the report?			
18. Have the following been discussed with appropriate client officials and arrangements been made to get responses, if appropriate:			
a. Management suggestions?			
b. All reportable conditions and material weaknesses in internal control that we observed?			
c. All immaterial items?			
d. Non-compliance with any statutory, regulatory or contractual requirements?			
e. Auditor's Report?			

DISTRICT _____**June 30, 2004****MANAGER REVIEW QUESTIONNAIRE**

QUESTION	YES	NO	N/A
<p>C. <u>IAR ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING</u></p> <ol style="list-style-type: none"> Has adequate work been performed to support our statement on instances of non-compliance required to be reported under <u>Government Auditing Standards</u>? Have appropriate exceptions been noted for items of non-compliance? Has adequate audit work been performed to support: <ol style="list-style-type: none"> Our understanding of internal controls? The determination of whether these controls have been placed in operation? Our assessment of control risk? Have all reportable conditions and material weaknesses been disclosed? <p>D. <u>IAR on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance:</u></p> <ol style="list-style-type: none"> Has adequate audit work been performed to support the opinion we are giving on compliance with common requirements applicable to major federal programs? Have appropriate exceptions been noted for items of non-compliance? Has adequate audit work been performed to support: <ol style="list-style-type: none"> Our understanding of internal controls? The determination of whether these controls have been placed in operation? Our assessment of control risk? Have all reportable conditions and material weaknesses been disclosed? <p>E. <u>REPORT PRODUCTION</u></p> <ol style="list-style-type: none"> Has the report routing sheet been completed? Does the draft audit report comply with professional and office reporting standards? <p><u>COMMENTS</u> (required for "No" answers):</p>			
<p>Manager _____ Date _____</p> <p>Independent Reviewer _____ Date _____</p>			

